The COMMERCIAL and FINANCIAL CHRONICLE

ESTABLISHED 1839 — Reg. U. S. Pat. Office

Volume 193 Number 6042 — New York 7, N. Y., Thursday, March 30, 1961 — Price 50 Cents a Copy

Editorial AS WE SEE IT

If proof were needed that neither oratory nor an elaborate international organization is capable of assuring peace to the world, the recent behavior of the communists, particularly that of their leader, Mr. Khrushchev, has supplied it in abundance. Sometime ago Mr. Stevenson remarked that when the Russian dictator wished to bang the table with his shoe, and needed an audience to see the show, he had to "come to the United Nations" for the purpose. There may be some truth in the remark, but it is equally as true that when he wishes to win friends for communism among the so-called neutral countries of the world, he has an excellent forum for the purpose in the United Nations — and he knows only too well how to use it. International peace, like the Kingdom of God, must be won from within the hearts of mankind. So long as national ambitions are stronger than the will to peace, we shall continue to have wars or threats of wars which keep all mankind slaves to the creation and maintenance of armaments.

The founders of the United Nations, as was the case with the League of Nations which preceded it, envisaged it as an organization composed of members who would be willing to sit down and compromise or in other ways settle their differences, and an organization able to maintain a peace enforcing arrangement to which all nations would bow without major scale war. The key to success for any such organization is obviously a world made up largely of nations without overweening ambition and hence willing to become really cooperative members of such an organization — willing, in other words, to submit to the will of a majority of the organization which would never "play the game" of any group or clique of powers. In such an event, an organization of the sort envisioned might succeed.

Now in the world today, the older so-called imperialists have for the most part long been on the way out at least so far as dominion over the lives and destinies of others is concerned. Despite the wailing of Mr. Khrushchev, only a few countries (Continued on page 40)

Canada's Formidable Growth Prospects Clearly Undiminished

By Dr. Ira U. Cobleigh, *Enterprise Economist*

An appraisal of Canadian prospects and projects for substantial economic growth in the second year of the "Surging Sixties," followed by a tabulation of Canadian corporate enterprises which have achieved notable records for sustained profitability and uninterrupted cash dividend payments.

For Canada, 1960 was a year of adjustment, adaptation and assimilation. The bright prospects and rosy predictions of January faded as the year flowed on; the Canadian dollar lost its premium; unemployment reached the 7% level; and there was a renewed concern, from Halifax to Vancouver, about the extent to which American capital was dominating the economic life of the Dominion. All was not downspin, however. There was a slight rise in Gross National Product, an 8% advance in exports (although exports to the United States declined by 2%), iron business hummed, and the surging prosperity of Canadian banks and life insurance companies continued unabated. (Life insurance is a major Canadian export.) Finally, if business, across the board, did not deliver, in full, the progress and profits hoped for, there were great plans made and implemented in 1960, which set the stage for a broad and exciting future growth. Three of these plans deserve special citation.

Vast Natural Gas Expansion

A $700 million pipeline construction program is now under way which will increase, fourfold, the flow of natural gas from Alberta and British Columbia into U. S. border states and South into California. This massive project will vigorously stimulate regional business, especially in steel tubes and steel piping; it will greatly expand employment; and will provide a $150 million annual increase in export gas sales. Further, it means that a lot of capped wells in West Canada will go on stream bringing substantial and immediate cash revenues to thousands of well and royalty owners whose income from this source might otherwise have been deferred for years.

Incidentally, viewing with avidity these rich prospects in natural gas just recited, West Canadian petroleum producers see no reason why they should not also share in the lush oil market in Montreal and to the East. They believe a 2200 mile oil pipeline should be built bringing Prairie Province oil to Montreal, and reducing or eliminating present dependence there on the inflow of Venezuelan crude. This idea looks like a remote one, and it certainly is not relished by the international oil companies; but it does illustrate the zeal with which Canadian businessmen are seeking to fill national needs with native products.

$4 Billion Columbia River Power Project

It took over 40 years of debate, discussion, and propaganda to bring into being the St. Lawrence Waterway, a huge multi-billion dollar project. That we (Continued on page 18)

Canadian Investment Opportunities Featured Herein

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Glassco Instrument Co.—Norman Adams, Ph.D., senior partner, Adams & Co., Los Angeles, Calif. (Page 2)

Divco-Wayne — Irving Komanoff, of Herzfeld & Stern, New York City. (Page 2)

NORMAN ADAMS, Ph.D.
Senior Partner, Adams & Company, Los Angeles, California
Members National Association of Securities Dealers

Glassco Instrument Company

What many investors seek is a situation that is basically dynamic in nature, producing mainly proprietary products, which has a sales market containing both military and commercial users, and whose management is alert, learned, and loyal. Such an outstanding equity seems to me to be Glassco Instruments.


Norman Adams

Begun in only 1955, Glassco Instruments is now probably the leading producer of pressure sensing elements in the United States utilizing the remarkably ingenious bourdon-helix principle, wherein the helically formed tube is connected directly to the indicating pointer, thereby eliminating the need for the usual normal complicated linkage. As a result, the instrument is extremely lightweight, sturdy, and accurate; and, also, it requires no recalibration during its entire ordinary life!

As evidence of its general acceptance already—and there probably is not an aircraft or missile produced in America today without at least one of its instruments incorporated in the design—one can note, for instance, that the number of customers has continually increased (11 in 1958; 43 in 1959; and 74 in 1960) as has the total number of units sold (4,681 in 1958; 12,319 in 1959; and 26,182 in 1960).

Sales have also risen well: from $68,742 in 1959, to $327,446 in 1959, to $502,389 in 1960. Further progress is expected, and perhaps at an accelerated rate. There is apparently only one other similar manufacturer in the entire country, and that one is not nearly as soundly entrenched in the industry in my opinion. Even in 1961 I expect Glassco Instruments' per share earnings to exceed 40¢ which is a 60% minimum increase from 1960's 25¢ per share.

Glassco Instruments is currently beginning a serious European sales program, and is considering a national licensing plan whose limits seem infinite, as its pressure gauges can be used not just in military programs but also, and even more importantly, in oil refineries, hospitals, and steam generating plants, etc. The ambitious firm is also soon to release an off-shelf laboratory instrument gauge of its typical unique construction style that will serve to bring its manufacturing line into the lower priced, mass production field which could promptly generate enormous sales. Other exciting devices in simplification techniques are being implemented, such as an exciting miniaturized switch, that could add valuable diversification aspects of impressive merit and volume.

Glassco Instruments enjoys adequate financial strength for its growth needs, especially after a successful public underwriting in early January of this year. The capitalization shows no bonded indebtedness, no preferred stock, and only 110,000 shares of common stock of which but about 27,000 shares are in the hands of the public outside of management! I would think that the profit leverage possibilities of such a small floating ownership (27,000 shares) would be immediately obvious to any investor, and with the expected dynamic, successful growth of Glassco Instruments the per share price could react very, very favorably indeed.

This small issue of common stock is traded over-the-counter, and is strongly recommended for purchase now for investors wishing substantial capital gains profits. In my opinion, Glassco Instruments can be considered a sound businessman's risk with speculative qualities.

IRVING KOMANOFF
Herzfeld & Stern, New York City
Members New York Stock Exchange

Divco-Wayne

In today's security markets, with the Dow Industrial averages nearing its highest point in history, around the 680 level—it is obviously not a profound observation to say that it is getting exceedingly difficult to uncover good-grade securities with good prospects, that are still attractively priced.


I. Komanoff

Moreover, with the market evaluating so-called growth stocks at 30 to 50 times earnings per share — particularly in the so-called glamor fields of school, hospital and health — it becomes very much of a mystery to see a good-grade company with an excellent growth record in all these fields still selling at a little over 10 times earnings per share. Such a stock is Divco-Wayne — currently selling on the New York Stock Exchange at approximately 18 and yielding 4.6% on its latest indicated dividend rate of 80 cents per share.

Talk about growth! Here is a company which in the five years from 1955-1959 has increased sales from 12 million dollars to about 36 million dollars — or approximately 300%. During the same period Divco earnings per share rose from 88 cents to $2.30—also an increase of some 300%. I think I can safely say that during this five-year period, Divco-Wayne growth in sales and earnings probably exceeded that of most companies listed on the New York Stock Exchange—and that includes the so-called growth giants such as MMM, Eastman Kodak, IBM and many others.

What is Divco-Wayne? Divco-Wayne is one of the oldest and most respected names in the fields of school buses, dairy industry supply trucks, U. S. parcel delivery trucks, ambulances and funeral coaches. Surely, all these represent areas in which the growth prospects are exceedingly bright irrespective of the outlook for the nation's economy. As Divco-Wayne's President, Mr. Newton Glekel, observes in his latest annual report, and I quote:

"If anything, the change of Administration in Washington indicates the adoption of a Federal aid to education program which should enlarge the market for our school bus division. Technological improvements and increased strict enforcement of health codes indicate a similar potential for our insulated and refrigerated multi-stop Divco trucks."

Divco-Wayne can best be described by a brief description of its three basic divisions:

(1) **Divco Division** — Specializing in the door-to-door delivery field with dairy, bakery and U. S. mail delivery the most prominent fields.

(2) **Wayne Division**—The recognized leader in the important school bus field. Wayne built the nation's first school bus back in the 1890s. It has recently pioneered "pusher type" transit school vehicles, which are relatively inexpensive and most economical to operate. The school transport picture continues to show spectacular growth.

(3) **Miller Meteor**—Builders of ambulances and funeral coaches. Here again this division has consistently revitalized the industry with its new improvements and innovations.

Just as the years 1955-59 were a period of phenomenal growth for Divco-Wayne, 1960 was a year of consolidation and "catching up." Volume held just under 1959's record. However, because of large expenditures for improved manufacturing facilities, expanded research and development plans, profits receded to $1.50 per share.

What is the future for Divco-Wayne? In my opinion, it is exceedingly bright. An already efficient, outstanding management has become even more efficient and vigorous. The outlook for each of its major fields is for continued rapid growth, stimulated by an increasing trend toward suburban living and increased Federal and private spending for education and health. Moreover, Divco has several new outstanding products which promise to add substantially to future sales and profits.

Divco-Wayne has only 764,000 shares outstanding, of which about 30% are closely held by management. Its balance sheet and financial condition are excellent. Selling at about 18—or a little more than 10 times latest reported earnings—and yielding a respectable 4.6% on a well-secured 80 cent dividend, Divco-Wayne impresses me as an outstanding vehicle for substantial long-term appreciation. (**Note:** The writer and the firm of Herzfeld & Stern have a long position in the stock of Divco-Wayne).

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Named Director

Screen Gems, Inc., the television subsidiary of Columbia Pictures Corp., has announced that Messrs. Leo M. Blancke and Donald S. Stralem, Directors of the parent company and respectively partners in Hemphill, Noyes & Co. and Hallgarten and Co., have been elected to the Board of Directors.

Coburn, Middlebrook Brch.

LITTLETON, N. H. — Coburn & Middlebrook Inc. has opened a branch office at 6 Jackson Street under the management of Paul Curtis.

U. S. Trade, Capital Export Policies Don't Help Canada

By J. E. Coyne, Governor of the Bank of Canada, Ottawa, Canada*

Gravely concerned about his country's chronic balance of payments problem, which he attributes principally to trade and payments with us and to our capital outflow there, Mr. Coyne makes clear that once and for all Canada must be given reasonable access to our markets for its secondary products. The central banker takes exception to the view that Canada could not have progressed without the large amount of foreign capital; notes that his country's per capita income is the same as it was eight years ago; and checks off the disadvantages said to result from capital inflow and our trade policies. In disagreeing with the Sproul Task Force Report's analysis of balance of payments data, Mr. Coyne shows extent Canada has helped redress our international accounts and how infinitely larger his country's imbalance is compared to ours.

The problem of balance of payments has been a matter of increasing concern in Canada for some years. More recently the United States balance of payments has been the subject of serious discussion and special reports by eminent authorities. We should have a common interest in the bilateral balance of payments — it really should be called the imbalance of payments — between Canada and the United States, which over the past 11 years showed on current account transactions a cumulative surplus for the United States, a deficit for Canada of $12 billion, and over the past five years averaged $1,400 million per annum.

J. E. Coyne

The Sproul Report says, "with the exception of the year 1957 the United States has had a deficit in its balance of international payments in every year since 1949. For the whole 11-year period 1950-1960 the cumulative net deficit was $21 billion." This conception of a deficit combines the current account with part but not all of the capital account. We are more accustomed in Canada to thinking of the current account of the balance of payments as balancing the capital account, a deficit in the current account being balanced by a net import of capital and a surplus by a net export of capital. The current account of the United States balance of payments with the world as a whole for the 11-year period showed a surplus amounting to $48 billion before taking account of United States Government military expenditures abroad ($27 billion), and grants to foreign countries ($22 billion), but a deficit of $1 billion when those items are included.

Without your surplus with Canada, however, your deficit on current account during this period would have been $13 billion instead of $1 billion. The distinctive feature of the United States balance of payments on current account has been not an over-all deficit with the whole world, but a deficit with the world ex Canada, offset almost entirely by a surplus with Canada. On the other hand, Canada has had an over-all deficit, as our large deficit with the United States has not been except to a minor degree offset by a surplus with the rest of the world.

On the capital account of the United States balance of payments there was during this period an outflow of mainly long-term investment capital of $20 billion representing not a loss to the United States but a very large increase in foreign assets of the United States, chiefly private foreign investments by United States corporations and other investors—and chiefly in United States investments in Canada. This outflow of investment capital (and increase in relatively high-earning assets) was financed or balanced by other items on the capital account as to $6 billion by sales of gold to foreign central banks, and as to $15 billion by a rise in holdings by foreigners (mainly Europeans) of United States dollars in the form of bank deposits other short-term assets and United States Government securities.

Terms Our Dollar Safe

Most discussion of the United States balance of payments position in the past year has focused on the outflow of gold. It is scarcely to be believed, however, that any other currency in the world is safer or sounder, or more likely to withstand future inflationary pressures, than the United States dollar, the most important reserve currency in the world.

In Canada, with the exception of one year (in this case 1952) we have had a deficit in the current account of our balance of international payments in every year since 1949. In the whole 11-year period of 1950-60 Canada's cumulative net deficit on current account was $9 billion with all countries, the deficit of $12 billion with the United States being offset in part by a surplus with other countries amounting to $3 billion, largely in the earlier years of the period. If the United States had had the same over-all deficit in proportion to gross national product you would have had a net deficit on current account of $125 billion. For the five years 1956 through 1960 the deficit on current account for Canada has averaged $1,337 million, the equivalent

Continued on page 37

CONTENTS

Articles and News Page

CANADIAN INVESTMENT OPPORTUNITIES

Article starting on the cover page, "Canada's Formidable Growth Prospects Clearly Undiminished," discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the Canadian banks and companies which have paid consecutive cash dividends from 10 to 132 years (Table I, page 19) and from 5 to 10 years (Table II, page 24), along with other data of interest to investors.

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
CLAUDE D. SEIBERT, President
WILLIAM DANA SEIBERT, Treasurer
GEORGE J. MORRISSEY, Editor
Thursday, March 30, 1961

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.)

Other Office: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year; in Dominion of Canada, $68.00 per year; Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $45.00 per year. (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

OBSERVATIONS...

BY A. WILFRED MAY

JUST WHAT'S GOING-ON DOWN THERE?

Have you heard about the dutiful wife who, accompanying her husband to the Patterson-Johansson championship prize fight, brought along a portable radio as a boredom antidote? Informed that she had accidentally dialed-in on the station broadcasting the fisticuffs, she remained unconvinced — so dramatically conveyed to her ears were the relatively desultory doings she was viewing.

And so it also is with (a) the actual goings-on in the stock market, and (b) the accounts thereof.

We submit a few typical specimens of the play-by-play newspaper reporting during the past fortnight, in which "the market" is pictured in roles extending from *dawdler* to *dogged fighter* to *perpetrator of assault.*

The Varied Imagery

"The market *dawdled* throughout the early afternoon."

"Stocks on a *Treadmill.*"

"Stocks *Seesaw.* Price Swings *Wild* on Heavy Trading Volume."

"The forward movement was not quite unanimous. There were a few *holes.*"

On the Battlefield

"The industrials are now *poised* to make an *all-out assault* on the historic high."

"Stocks *Retreat.*"

"Stocks closed a little higher after *doggedly fighting* their way out of a sell-off that came in the noon hour."

"The trading element was nervous, unwilling to *fight* the tape but jittery at every possible turning point."

"The market *relentlessly pushed* to higher prices." (Actually, the averages rose by three-quarters of one per cent.)

"The market ended with another *stalemate.*"

"The list *took* an early-morning, late-afternoon *buffeting,*" (i.e., "can take it" too).

The Market as a Convalescent

"The market could have *fallen out of bed.* It didnt, but gradually recovered strength and moved up."

"In a rare burst of speed the railroads showed their cabooses to the jet-age issues which have been dominating the stock market."

Egg-Heady, but Hitting the Bull's Eye

"In Shakespeare's words, the market was 'full of sound and fury, signifying nothing'!"

* * *

We remind you here that basic to all the dramatic nonsense is that all-pervasive fallacy of a "the" market. In the days covered above, the total number of individual issues showing net rises exceeded the declines, and vice versa, by only about 50%—with 200-or-so issues remaining unchanged. The market averages moved (up) by a bare one per cent during the fortnight covered.

THE IMPLICATIONS

The fantasy, dramatization, and glamorization no doubt reflect both the journalistic demands and the readers' desires.

In any event, and whatever the reasons for the imagery, it additionally highlights the current pervasive deviation from any serious concept of *investment.* In replacing once more the constructive stockholder concept of long-term sharing in a business enterprise, this picturing of the stock market as a game, or battle, etc., constitutes another highly important factor undermining *investment* processes. It is socially damaging, both in feeding the speculative leanings of existing market participants, and the gambling desires of potential market newcomers (the Johnnie-come-latelys).

* * *

Schizophrenia at the Stock Exchange

Confusion over investment-and speculation-and gambling if you please, is evidently shared by the Stock Exchange. Or perhaps it just finds itself torn between the necessity of simultaneously suiting the interests of its members, as well as lofty ideals about its place in the community. On the one hand, the latter "public interest" role is now being filled through a high-powered advertising program, budgeted at $460,000 for the first half of this year, carried in newspapers and magazines with a total circulation of more than 67 million.

In a typical ad, the "Members New York Stock Exchange" are represented as helping you to "Own your share of American Business"; with the full-size-captioned consructive theme, "How much of a retirement will be waiting for you? This [the purchase of common stocks] may help you to become independent." Continuing, "Your Social Security may fall far short of that. And any fixed retirement income you plan today may seem painfully small twenty years from now. That's why it may be a good idea to include good common stocks in your plans.

"The reason shareownership can be so important is this: Stock sales make you *part owner* of a company. And many blessings can flow from that . . ."

This constructive advice perfectly delineates the idealistic *raison d'etre* of the Stock Exchange.

FOR WHOM DOES THE TICKER TOLL?

But . . . on the other hand, does an institution which finds it necessary, because of trading excitement if not hysteria, to stop dealings in issues, as recently in Brunswick and Reliance Manufacturing, seem to be truly functioning as a provider of "comfortably independent retirement and sufficient Social Security"?

Far more striking, and also on the "off-beat" side of this investment-speculation dichotomy, are the Exchange's multi-million dollar moves to provide additional speed-up of its automated facilities.

The New York Stock Exchange's grandiose plans, like those of the American Exchange, are being largely concentrated on speeding up and enlarging the ticker quotation services (hardly in line with the provision of Social Security and a comfortable old-age, or its other stated *investment* objectives).

Sensational Electronic Speed-Up

President Funston has announced the establishment of a new nationwide leased-line circuit exclusively for the distribution of bid-and-asked quotations to member firm offices. The new circuit, it is explained, will be in addition to two leased-line ticker circuits already emanating from the Exchange, one reporting stock transactions and one reporting on bonds. Exchange officials proudly explain that the bid-asked circuit, connected to new electronic devices, will enable member firm subscribers "to press several buttons and receive bid-asked quotations printed on the tape within seconds."

Hail "Quotron"!

The Exchange has revealed "Quotron," a new electronic machine as a main key to the latest speeding-up. This has made possible on a nationwide basis the extension of quotation service on 800 stocks.

The Exchange further announces the development of a narrow page teletypewriter capable of operating at speeds of 900-1200 characters per minute, as compared to the present ticker speed of "only" 500 characters per minute.

"On the spot" provision has been made for space for 37 additional telephones and teletypewriters on the Trading Floor "to satisfy the rising demand for Floor communication facilities." Also under construction, it is announced, is a special trading location where any unusually active issue may be temporarily transferred "to relieve congestion and improve service."

Floor Input Marvels

The Exchange also announces that "Several companies are actively working on new equipment which would make it possible to handle automatically transactions and bid-asked quotations directly from Floor input devices. The proposed systems are being developed to take care of projected higher Exchange volumes at fast computer speeds and to provide machine-usable documents to such approved users as press associations, statistical services, and odd-lot houses.

Additional studies include switching systems for orders and reports to and from odd-lot dealers and Specialists, and Floor communication devices such as radio paging or signaling of Floor members and **"walkie-talkie"** systems.

Our Real Plague

Exchange officials are quoted as having for a long time been "plagued" by the need for trading speed-up and expansion.

May we comment that *we* are "plagued" too—but by the dire need for approach to, rather than departure from, *investment* attitudes embracing interest at least in business ownership, if not retirement income. Meanwhile we plead for the realization that the two ends, namely the *investment* count-down and the speculation *speed-up,* are mutually exclusive! Let us recognize "for whom the Ticker tolls"?

EASTER and PASSOVER

From time immemorial the wonder of awakening Spring has been associated with religion. After the drabness and cold of Winter the warmth of the sunlight, leaves budding on the trees, flowers beginning to bloom in the gardens bring not only precious memories of the past but hope and promise for the future. Earth that seemed dead is miraculously alive again. As the Hebrew poet said many centuries ago,

> *"Lo the winter is past,*
> *The rain is over and gone;*
> *The flowers appear upon the earth;*
> *The time of the singing of birds is come."*

It seems natural that men should connect the regularity of the seasons, the orderliness of the Universe with a Power and Force Divine.

> *"The heavens declare the glory of God",*
> *sang the Psalmist,*
> *"And the firmament showeth his handiwork!"*

Even the pessimistic author of Ecclesiastes says,

> *"He hath made everything beautiful in its time."*

The mythology of the Ancient Greeks and Romans tells us that they attributed the coming of the vernal season to the Goddess of Agriculture: Dementer, "Creator of a thousand, thousand Springs", rejoicing in the return of her daughter, Persephone, from the lower world, made the barren earth again bring forth fruit and grain.

For followers of two of the world's great religions this is a week of special significance. For Christians Palm Sunday ushered in Holy Week with Good Friday the most solemn day of the Church year. This same Friday at sundown marks the beginning of the Passover season for those of the Jewish faith. Churches and and synagogues the length and breadth of the land will be filled with devout worshippers. In Jewish homes children and adults alike will participate in the meaningful ritual of the seder meal. Both faiths stress the love of God and love for our fellowmen. At Passover the Jew not only commemorates the escape of the Israelites from slavery in Egypt, but he also looks forward to the time when all men everywhere will have perfect freedom. The true Christian has as his goal a worldwide fellowship of love where all, as children of God, will have life more abundant.

It is one of the miracles of this Holy Season that its spirit permeates even our materialistic world. Radio and television are enriched by the beauty of music, drama and poetry of both faiths. Educational programs in both media explain the meaning of these religious observances, including the very interesting series for children on Sunday morning TV, "The Fourth R," and "Let's Talk About God". Crowds flock to Radio City Music Hall in New York City where the leading feature of the Stage Show is annually, "The Glory of Easter," with its spectacular climax the formation of a huge cross of Easter lilies, the cross the central symbol of God's love in Christianity. The Metropolitan Opera Company regularly includes "Parsival" in its repertory at this season, the absence of applause indicating the reverent spirit in which the performance is given.

Easter Sunday is of all days the most joyous in the Christian calendar. As the first rays of sunlight brighten the eastern skies, throngs of worshippers will gather for early dawn services. Songs of praise will continue throughout the day in honor of the risen Christ, His life of loving selfless service a pattern for all to follow, in building a better world, His resurrection a promise of eternal life for all.—HARRIET SEIBERT.

Reaves, Hewitt Formed

Reaves, Hewitt & Co., Inc. has been formed with offices at 15 Broad St., New York City (c/o Douglas W. Hawes), to engage in a securities business. Officers are William H. Reaves, President; Charles E. Hewitt, Vice-President, Secretary and Treasurer, and John A. Dua, Vice-President. Mr. Reaves was formerly with Kidder, Peabody & Co.

Hassenflu Forms Co.

LEAWOOD, Kansas — Arthur A. Hassenflu, Jr., is engaging in a securities business from offices at 9110 Lee Boulevard.

Freeman Co. Opens Branch

BOSTON, Mass.—Freeman & Co. has opened a branch office at 80 Boylston St. under the management of Seymour M. Zablatsky.

Today's Market Constitutes A Dangerous Dilemma

By Robert H. Wessel, *Associate Professor of Economics, University of Cincinnati, Cincinnati, Ohio*

Investors' anticipations manifesting themselves in the stock market these days prompts author to analyze their bases and prospects. Economist Wessel is dubious about corporate profits — even if GNP advances as expected — justifying a high P/E ratio, and he critically examines the view that stocks are a hedge against inflation. Assuming no war, the paper concludes that the present market is in a "very precarious state of affairs," and advises an investment position in desirable selective stocks and in reasonably priced good quality convertible bonds.

What constitutes a prudent investment policy today? The answer, of course, will vary depending on the objectives and financial condition of the individual or institution whose investment policy we are considering. Nevertheless, the prospective behavior of the security markets and the more fundamental economic and psychological factors underlying this behavior are of central importance in any case.

Dr. Robert H. Wessel

We will begin by considering the market for equities and point out the anticipations upon which its current level is based. Next, these anticipations will be subjected to critical examination and the probability cf their becoming reality evaluated. From this, some conclusions concerning the distribution of investment funds between the equity and debt markets should be forthcoming.

At the present time almost every one would agree that when judged by conventional standards the stock market is very high. The Dow-Jones Industrial Average is once again close to the record level attained Jan. 5, 1960. In addition, the stocks included in this average are selling for more than 20 times their recent earnings and are yielding only a little over 3%. To make matters worse, this yield is more than a point below the yield on high-grade bonds. In view of these powerful indications that the market is very high and in all probability too high, it is necessary that we understand what forces are sustaining it at the current level. Only in this way can we arrive at reasonable conclusions concerning its future action and thereby develop wise investment policies.

Why the High P/E Ratio?

I feel there are two important reasons why investors today are willing to pay such high prices for common stocks. First, is that they have regained confidence that the decade of the sixties will be one of high prosperity and rapidly growing business profits. Second, the fear of inflation has again become an important determinant of investor action. Let us examine each of these in order.

A little over a year ago, at the beginning of 1960, almost all experts were forecasting a decade of prosperity and progress. Gross national product was expected to rise to over $600 billion by 1965 and to exceed $800 billion by 1970. We must remember, too, that these figures were in constant dollars and included no allowance for price inflation. Such a picture of progress and growth, it was felt, would cause business profits to rise sharply. This in turn was expected to mean much higher per-share earnings and thus justify paying high prices for stocks today. Although this optimistic outlook was temporarily shaken by the recession, it seems to be widely held once again. The prudent investor must determine whether or not it is reasonable.

In the first place, even if gross national product does advance as anticipated, it is by no means certain that the hoped-for increase in profits will be realized. From Table 1 we can see that profits

TABLE I

	Gr. Nat. Product	Profit After Taxes
	(in billions)	
1950	284.6	22.8
1955	397.4	23.0
1956	419.2	23.5
1957	442.8	22.3
1958	444.2	19.1
1959	482.1	23.8
1960 1st quarter*	501.3	25.0
2d quarter*	505.0	23.4
3d quarter*	503.5	21.3

*Seasonally adjusted annual rates.

SOURCE: Federal Reserve Bulletin, February, 1961.

did not soar as gross national product increased during the 1950s. Over that period gross national product advanced $217 billion or by about 76%. While this was going on, even if we use the most favorable figure (the first quarter of 1960), profits increased only 9%. Had the figure for the third quarter of 1960 been used, a profit decrease would have been registered rather than a gain.

The Profit Outlook

Obviously, even if we accept the gross national product forecast for the 1960s, a different relationship between expanding product and profits must emerge if current stock prices are to be justified on the basis of economic growth. What might bring about such a change? A number of factors suggest themselves. For example, increasing automation and the use of more modern programming techniques by management may enable business to earn larger profits. So, too, could the substantial modernization of productive facilities which might well result from a liberalization of the rules governing depreciation allowances. In addition, the heavy expenditures by American business on research and product development may pay off handsomely.

On the other hand, several unfavorable factors cannot be ignored. Substantial excess capacity exists in many industries. This may forestall the modernization of facilities needed to increase efficiency. In the past, excess productive capacity has also often led to intensified competition in the product markets. It may well do so again. In addition, if costs such as wages continue to rise, this could intensify the profit squeeze currently plaguing many industries. Consequently the profit increase that is so widely anticipated is by no means a certainty even if gross national product grows as predicted.

Unfortunately the accuracy of the prediction of gross national product is questionable at best. It pre-supposes an annual growth rate of 4%. True, we did grow this rapidly in the first decade after World War II. However, for the last few years the rate has declined to about 2.5%. For the 4% growth rate to be achieved, several things must happen. First, consumer expenditures must keep on mounting fairly rapidly. Although in recent years the trend has been satisfactory, there are some indications that the American consumer's demand for the types of goods currently available will not continue to climb at the same rate as in the past. If this is true his interest will have to be stimulated by new and better products. The expenditures for research and product development mentioned before, may provide the answer here. However, this is only a possibility or, at best, a probability, not a certainty.

Second, capital expenditures by business firms must increase substantially. This may well prove to be a serious problem. In my opinion, the recovery from the 1958 recession failed to bring the economy back to full employment (4% unemployment) because capital spending in 1959 and 1960 fell short of the necessary level. Several favorable factors in the present situation deserve mention, however. Competition, both domestic and from foreign sources, may force or induce vast outlays for modernizing productive facilities. The replacement of antiquated plant and equipment will also be stimulated if the prospective liberalization of depreciation allowance is sufficient. In addition, government outlays may effectively compensate for deficiencies in private spending. On the other hand, we cannot forget that substantial idle capacity exists and that low profit rates have been commonplace in many lines for several years. Both of these factors may deter large-scale modernization. Hence, the adequacy of capital spending remains in doubt.

Consequently we see that the overall economic forecast as well as the relationship between profits and economic growth also contains many uncertainties.

Will There Be Price Inflation?

Now what about the fear of inflation? There can be no doubt that it is influencing many investors. What is important in formulating investment policy is to determine whether this fear will continue to be a significant force in the market. For this to be the case many security buyers and owners must keep on believing two things: one, that inflation itself remains a threat, and two, that equities constitute a good inflation hedge. Let's take these up in order. The experiences of last May and June indicate that even relatively short periods of reasonably stable prices can lead many market traders and analysts to feel that the inflation threat is over. Some readers may recall that in the May 26, 1960 issue of this *Chronicle* I emphasized that the fear of inflation soon would reappear, which it did in short order. However, a protracted period of price stability or near stability could lead to the acceptance of this belief (that inflation is past) for a long period of time. Should this occur, the market could take quite a drop.

At this time I make no predictions as to the future of our price level. However, I will point out factors which could contribute to stability and those which would feed the fires of inflation. The case for stability runs something like this. For long periods in our history prices have fallen rather than risen. In fact it is argued that the only important periods of price level advance have been occasioned by substantial increases in the money supply, usually the result of war financing. Assuming no major war and reasonable balancing of the public budget, the major engine of inflation would be inoperative and prices should remain stable or fall. This possibility is enhanced by excess productive capacity which may lead to vigorous price competition. The growing pressure of foreign competition would also work in this direction.

The case for inflation is much better known. It is felt by many that the ambitious expenditure programs of the Kennedy Administration will result in substantial budget deficits which will increase overall demand and therefore tend to push prices up. In addition, inflation it is claimed will result if unions are able to secure wage increases in excess of advances in productivity. This is the so-called "cost push" or "wage push" inflation.

The arguments on both sides of this issue are quite plausible and persuasive. It is possible that future events may produce either result. What the investor must remember, however, is that a reduction in the rate of price level advance or even complete price stability are both real possibilities. Should either occur, one of the major underpinnings of the current market would be withdrawn and a substantial decline would follow.

Critical View of Stocks as an Inflation Hedge

We also noted that even if inflation continues, market prices will only stay at very high levels as long as investors remain confident that equities in general constitute good hedges against inflation. In the short run this belief can validate itself since the purchases of those who seek to hedge inflation can drive stock prices up as rapidly, if not more rapidly, than the cost of living. Over the long run, however, the inflation hedging capabilities common stock must rest on a sounder basis. Here the inflation hedge argument usually runs something like this. Higher commodity prices lead to larger business earnings. These increased profits in turn produce the higher stock prices that hedge inflation.

We all know that the dramatic increase in stock prices during the last 10 years far out-distanced the relatively modest price level advance which only amounted to about 25%. Obviously, therefore, this market advance must be explained some other way. A lagging response to the rapid inflation of the late 1940s, adaptation to a larger money supply, speculation, and anticipation of one sort or another, all have been advanced as causes of what occurred. We need not join this argument here. It is sufficient to point out that there was no close relationship between changes in price level, corporate profits, and stock prices. You will recall from Table I that no dramatic profit increase accompanied either the economic growth or price level advances during the 1950s. In addition, the most probable type of inflation during the years ahead, cost push, often generates a profit squeeze rather than an increase in earnings. The significance of all this is that if inflation conscious investors begin looking at the relationship between earnings and price level, their attitude toward common stocks as a hedge may change, and this could lead many of them to withdraw from equities. The effect such action would have on the stock prices is clear.

A Precarious State of Affairs

All this adds up to a very precarious state of affairs in the stock market. A whole series of things must occur — profits must rise along with gross national product, gross national product must grow satisfactorily, the price level must continue to rise significantly, and the earnings of business must rise along with commodity price increases—if the anticipation upon which current market prices are based are to be validated in the long run. True, all of these things may happen. If they do the market will certainly rise still further. In addition there is no way of telling exactly when speculative excesses will run their course. On the other hand, some of these necessary conditions may not in fact be realized. If any failures here are not counterbalanced by even more dramatic favorable developments, a correction of some order of magnitude will ensue.

What investment policy does all this suggest? Caution and a two-way hedge, if possible. To protect against the danger of rapid inflation some equity position still must be maintained. On the other hand, to guard against a significant market break the common stock buyer must be very selective and stocks priced too highly in relation to recent earnings in most cases should be avoided. In addition some shifting out of equities may be advisable. Again I like good quality convertible bonds if the premium paid for the conversion privilege is not too great. This type of security alone provides protection against both of the contingencies that the investor must face.

M. G. Davis Opens

M. G. Davis & Co., Inc. has been formed with offices at 425 East Seventy-Ninth Street, New York City, to engage in a securities business. Mack D. Gershen is a principal of the firm.

TAX-EXEMPT BOND MARKET

By DONALD D. MACKEY

The state and municipal bond market has done surprisingly well during the past week. Following the successful purchase and placement of $62,547,000 Commonwealth of Massachusetts bonds last week at prices that encouraged general investor participation, the bidding for new issues continued extremely competitive and relatively very strong.

The market's technical aspects showed some improvement as dealer inventories seemingly dropped off rather abruptly and the calendar, although moderately heavy, was spaced conveniently for favorable market absorption, and continued to be mainly composed of a few large issues suited only to combined group bidding. However, the market does indicate some weariness, with the almost relentless dealer pressing to buy new issues of moderate size at prices relatively higher than has prevailed for the single bid features such as Massachusetts, Kentucky and others.

Price Cuts Helpful

With the heavy market glut that existed a few weeks back, considerable price cutting developed in order to encourage general investor interest and participation lost gradually through the price rise period of the past three months. This, of course, created a healthy climate for the Massachusetts flotation and for this week's $100,000,000 Kentucky issue.

Through price cutting, the street float as expressed by the *Blue List* (state and municipal bonds only) was reduced from $483,807,000 on March 9 to $408,930,000 on March 30.

Room for Improvement

However, with this but slight encouragement, bids are being made for new issues which seem unrelated to either investor interest, other new issues, or comparable secondary market offerings. Thus, investor interest is frequently dislocated and underwriting losses ensue which seem entirely uncalled for.

The industry at times seems almost involved in a fratricide that accomplishes nothing beyond the headlines. A constructive job could better be done with more intelligent attention given to the market framework with resultant credit and benefit to the industry, the investor and to individual dealers.

Yield Index Steady

The *Commercial and Financial Chronicle's* high-grade state and municipal bond yield Index was practically unchanged this week; 3.311% against 3.315% a week ago. This Index is derived from offerings showing in the secondary market as listed elsewhere on this page. This method does not give immediate effect to the volatility frequently expressed in new issue offerings but is a more reliable judgment of trend, if such exists.

The 3.31% current yield Index represents the market's lowest level since late October 1960.

The *Smith, Barney & Co.* Turnpike bond yield Index continues to show the stability lately displayed by this category of tax-exempt bonds. For the week ended March 23 the Index was 3.74%. The week previous it had been 3.73%.

Toll Roads Safe

In connection with toll road bonds, it is good to note that the American Bridge, Tunnel and Turnpike Association has recently reported that the Garden State Parkway was the safest toll road in the nation last year. Traffic fatalities were 1.01 per 100 million miles of travel. This was a 50% decrease from the previous year. The Richmond-Petersburg Turnpike had the second lowest rate at 1.29%, with Florida Turnpike next at 1.39%. The densely trafficked New Jersey Turnpike had a fatality rate of only 1.62%.

Again, the humanity of the toll road as a revolutionary means of personal transport is exemplified. It is not the least factor in the general improvement of toll road revenues.

Recent Awards

Detroit, Mich., a well-developed city with a good overall debt rating, came to market with scheduled concurrent bond sales on March 28; $16,715,000 various general obligation (1963-1986) and $10,000,000 school building (1962-1987) bonds. The various purpose bonds will finance a sorely needed program of rehabilitation and expansion.

The syndicate managed jointly by the Northern Trust Co., Bankers Trust Co., Smith, Barney & Co. and Lehman Brothers, and including many others, submitted the highest bid for three issues totaling $11,116,000. These included $7,000,000 sewer bonds, $3,820,000 public improvement securities and $296,000 street and alley paving obligations. The group re-offered the $7,000,000 sewer bonds at prices to yield from 2.15% in 1963 to 3.80% in 1983. The last three maturities (1984-1986) bore a 1% coupon and were re-offered at 4.20%. The $4,820,000 public improvement bonds yielded 2.15% in 1963 to 3.75% in 1980. Here again a 1% coupon was used on the last six maturities (1981-1986) and were re-offered at 4.20%. Good investor reception was accorded these issues, and at the close of the initial order period a balance of $4,800,000 was reported as still in account.

Detroit awarded the remaining two issues totaling $5,895,000 to a group headed by Halsey, Stuart & Co. Inc., Chemical Bank New York Trust Co. and Drexel & Co. The $1,250,000 Motor Vehicle Highway Fund bonds were reoffered to yield from 1.75% in 1962 to 3.20% in 1971 and on the $4,645,000 Rehabilitation bonds the scale ran from 2.10% in 1963 to 3.85% in 1983. The last three maturities which bore a ¼ of 1% coupon and were priced to yield 4.30% were not re-offered. Upon initial re-offering, about two-thirds of these issues were sold and the present balances total about $4,900,000.

The $10,000,000 Detroit City School District (1962-1987) bonds were awarded to a group led by the Northern Trust Co., Bankers Trust Co., Smith, Barney & Co. and Lehman Brothers and their many associates. The issue was scaled to yield from 1.80% in 1962 to 3.75% in 1986. The last maturity 1987 bore a 1% coupon and yielded 4.20%. This issue also received good investor interest, with a balance of approximately $2,000,000 currently remaining in account.

Also on March 28, $10,000,000 Washington Suburban Sanitary District, Maryland (1962-1991) bonds came to market. This issue originally was scheduled to sell on March 14. The bonds were awarded to the syndicate managed jointly by the Chase Manhattan Bank and Glore, Forgan & Co. and included John Nuveen & Co., Hornblower & Weeks, Carl M. Loeb, Rhoades & Co. and many others. The bonds were re-offered at prices to yield from 1.70% in 1962 to 3.75% in 1988. The last three maturities (1989-1991) bore a 1% coupon and were priced to yield 4.20%. At present writing a balance of $7,780,000 is reported in account.

Tuesday also saw $6,000,000 Hillsborough County, Florida Special tax school district No. 1 (1962-1981) bonds come to market. These bonds are payable solely out of and secured by a pledge of the capital outlay funds contributed by the state to the county. The issue was awarded to a group headed by Halsey, Stuart & Co. and included Lehman Brothers, B. J. Van Ingen & Co., John Nuveen & Co. Inc., Trust Company of Georgia, and Ira Haupt & Co. The bonds, which were re-offered at prices to yield from 2.00% in 1962 to 3.65% in 1980, received fairly good investor reception, being about half sold on initial re-offering. The present balance is reported as $2,760,000.

The $6,700,000 Allegheny, Pennsylvania various purpose (1962-1991) bonds were likewise awarded on Tuesday, the successful syndicate being managed by Halsey, Stuart & Co. and included Lehman Brothers, Goldman, Sachs & Co., Blair & Co., and their many associates. The bonds are to finance the development of road, airport and park enterprises. The bonds were re-offered to yield from 1.70% in 1962 to 3.60% in 1991. The present balance is reported as $4,815,000.

On Wednesday, March 29, $2,800,000 City of Dayton, Ohio, various purpose limited tax (1962-1981) bonds came to market. The highest bid was submitted by the syndicate managed by Harriman Ripley & Co. and included Smith, Barney & Co., Lee Higginson Corp. and others. The bonds were re-offered at prices to yield from 1.70% in 1962 to 3.30% in 1981. After the initial order period the issue was about half sold.

Week's Big One

On Wednesday, too, $100,000,000 Commonwealth of Kentucky Veterans' bonus bonds (1962-1990) came to market. Although advertised for public bids, only one bid was submitted for the issue. The underwriting syndicate, which resulted from the combining of three separate accounts, was managed respectively by the First National City Bank of New York and Blyth & Co. Inc. and the Chemical Bank New York Trust Co.; Halsey, Stuart & Co. Inc. and Bankers Trust Co.; Harris Trust and Savings Bank, the Northern Trust Co., Continental Illinois National Bank and Trust Co. of Chicago, the First National Bank of Chicago and the Chase Manhattan Bank.

The bonds are payable from the proceeds of a statewide retail sales tax as voted by the electorate on Nov. 3, 1959. The full faith and honor of the state is pledged behind the bonds to the end that until such time as the interest and principal of the loan is fully provided for, the tax will be continued. The bonds were priced to yield, upon re-offering, 1.60% to 3.75%. The issue is likely to be oversubscribed.

No Sale

The California Toll Bridge Authority asked for bids on Tuesday, March 28, for $5,000,000 San Pedro-Terminal Island Bridge revenue bonds due July 1, 2000. A bid was tendered by the Blyth & Co. Inc., First Boston Corp. group of 100.002 and specifying a 4.90% coupon. A re-offering was made at 102½, subject to award. As we go to press, the Authority has announced the rejection of the bid on legal grounds. Since Blyth & Co. Inc. is financial advisor to the Authority, a conflict of interest seemed insinuated. The issue will be re-advertised in the near future.

The market seems likely to proceed tantalizingly to all concerned in the weeks ahead. Government, state, municipal and corporate financing should absorb free balances in large proportion. The bidding for new issues will even more tend to the individual consideration of issues or projects with a de-emphasis on the old concept of market trend. It's a day-to-day affair.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.75%	3.65%
Connecticut (State)	3¾%	1980-1982	3.35%	3.20%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.25%	3.15%
New York (State)	3%	1978-1979	3.30%	3.15%
Pennsylvania (State)	3⅜%	1974-1975	3.10%	3.00%
Vermont (State)	3⅛%	1978-1979	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.70%	3.60%
Baltimore, Md.	3¼%	1980	3.40%	3.30%
Cincinnati, Ohio	3½%	1980	3.40%	3.25%
New Orleans, La.	3¼%	1979	3.70%	3.55%
Chicago, Ill.	3¼%	1977	3.70%	3.50%
New York City, N. Y.	3%	1980	3.50%	3.45%

March 29, 1961 Index=3.311%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

March 30 (Thursday)			
Charleston County, South Carolina	1,250,000	1962-1971	Noon
Louisiana Greater Baton Rouge Port Commission, La.	2,000,000	1962-1978	10:30 a.m.
Mount Pleasant and North Castle Central Sch. Dist. No. 1, N. Y.	3,150,000	1962-1990	2:00 p.m.
Wayne County, Road Commission, Michigan	1,000,000	1961-1965	11:00 a.m.
April 3 (Monday)			
Imperial Junior College Dist., Calif.	2,000,000	1966-1981	2:00 p.m.
Jacksonville Expressway Authority, Fla.	40,000,000	2000	--------
April 4 (Tuesday)			
Birmingham, Alabama	6,500,000	1963-1990	11:00 a.m.
Los Angeles Flood Control Dist., Calif.	15,000,000	--------	--------
Torrance Unified Sch. Dist., Calif.	1,000,000	1962-1981	9:00 a.m.
April 5 (Wednesday)			
Austin Indep. Sch. Dist., Texas	2,500,000	1961-1985	10:00 a.m.
California	190,000,000	1962-1986	10:00 a.m.
Crookston Independent Sch. Dist. No. 593, Minnesota	1,100,000	1965-1990	4:00 p.m.
Jefferson County, Kentucky	1,715,000	1962-1973	1:30 p.m.
King County, Renton Sch. Dist. No. 403, Washington	2,000,000	1963-1981	11.00 a.m.
Maplewood-Richmond Hts. School District, Missouri	1,000,000	1963-1981	8:00 p.m.
Mars Area Joint School Building Authority, Pa.	2,230,000	1962-1991	8:00 p.m.
Pawtucket, Rhode Island	1,060,000	1962-1981	11:00 a.m.
Pittsylvania County, Virginia	2,000,000	1962-1981	Noon
April 6 (Thursday)			
Dallas County Road Dist., No. 1, Texas	2,000,000	1962-1981	10:00 a.m.
Daytona Beach, Fla.	2,200,000	--------	--------
Dodge County, Wisconsin	1,100,000	1964-1980	10:00 a.m.
Waco Independent Sch. Dist., Tex.	1,000,000	1963-1974	1:00 p.m.
West Milford Township School District, New Jersey	1,550,000	1963-1982	8:00 p.m.
April 7 (Friday)			
Huntington, West Virginia	2,000,000	1962-1977	1:00 p.m.
April 10 (Monday)			
East Orange, New Jersey	3,950,000	1962-1981	8:00 p.m.
Shaker Heights, Ohio	1,000,000	1962-1981	12:30 p.m.
April 11 (Tuesday)			
Center Line, Michigan	1,075,000	1963-1985	8:00 p.m.
Cleveland, Ohio	14,520,000	1962-1981	11:00 a.m.
East Hartford, Connecticut	3,500,000	1962-1981	Noon
Erie, Penn.	2,150,000	--------	11:00 a.m.
Lee County, North Carolina	1,000,000	1962-1986	11:00 a.m.
Massachusetts Turnpike Authority	175,000,000	--------	--------
(Negotiated offering to be handled by F. S. Moseley & Co., The First Boston Corporation, Blyth & Co., Inc., and Tripp & Co., Inc.)			
Newport News, Virginia	3,200,000	1962-1981	2:00 p.m.
Richmond, Indiana	1,575,000	1963-1983	1:00 p.m.
Shreveport, La.	5,400,000	1961-1981	10:00 a.m.
Univ. System Bldg. Authority, Ga.	13,000,000	1962-1986	Noon
April 12 (Wednesday)			
Anaheim, California	3,185,000	--------	--------
Bloomfield Hills S. D. No. 2, Mich.	4,135,000	1963-1990	7:30 p.m.
Chatham Township Sch. Dist., New Jersey	1,620,000	1962-1980	8:00 p.m.
Chicago, Illinois	30,250,000	1963-1979	10:00 a.m.
Eau Claire, Wisconsin	4,750,000	1962-1981	9:00 a.m.
Findlay City Sch. Dist., Ohio	4,950,000	1962-1981	Noon
Princess Anne County, Virginia	3,000,000	1963-1986	11:00 a.m.
Sullivan County, Tennessee	1,108,000	1962-1965	1:00 p.m.
West Virginia (State of)	1,000,000	1962-1986	1:00 p.m.
April 13 (Thursday)			
Cook County Forest Preserve District, Illinois	2,000,000	1962-1973	10:30 a.m.
Marin Municipal Water Dist., Calif.	4,700,000	1965-1991	11:00 a.m.
April 17 (Monday)			
Dallas, Texas	8,000,000	1961-1991	1:45 p.m.
Rochester, Minnesota	1,775,000	1962-1977	7:30 p.m.
Sayreville School District, N. J.	3,425,000	1961-1987	7:30 p.m.
April 18 (Tuesday)			
Logansport, Indiana	3,400,000	1964-1981	1:00 p.m.
New York State Housing Auth.	50,000,000	--------	--------
(Negotiated offering to be handled by a syndicate headed by Phelps, Fenn & Co., Inc.)			

Economic Outlook, Costs And Industrial Relations

By Jules Backman*, *Research Professor of Economics, New York University, New York City*

Examination of the economy's major segments reveals neither areas of marked strength nor of marked weakness to change the existing economic level in the next few months. The year's latter half, however, is expected to evidence some upturn. Moreover, Dr. Backman's review of six new developments differentiating the present from earlier post-war years concludes that they may result in a sounder basis for long-term economic growth than that which prevailed in the past 15 years. True, he adds, the competitive struggle and pressures on profit margins will be more intense than heretofore, but there will not be the hampering problems of inflation. To meet the problem of high unemployment, Dr. Backman recommends tax reductions and tax reform, rather than massive new spending programs, and a respite in wage and labor cost increases.

One can prove almost anything about the present state of the economy by the proper selection of figures. The pessimistic-pessimists emphasize the decline of almost 50% in *steel production*, the drop in *housing starts* from an annual rate of 1,600,000 early in 1959 to one million at the end of 1960, the 8% drop industrial production, the large inventories of *automobiles* and the decline in production of cars, and the rise in *unemployment* to about 5.5 million.

Jules Backman

The optimistic - pessimists call attention to the moderate decline in *personal income* from a peak annual rate of $409.7 billion in October, 1960, to $406.3 billion in January and the decline in *gross national product* from an annual rate of $505 billion in the second quarter to $503.5 billion in the fourth quarter.

The pessimistic - optimists can report that total *end product demand* in the fourth quarter of 1960 reached a new all-time high of $507.5 billion at annual rates as compared with $502.9 billion in the third quarter and $489.9 billion in the first quarter. They can also note that *employment* is higher than a year ago and *export trade* has been increasing.

It is important that we place these changes in some perspective if we are to understand where we are and the appropriate public policy to follow.

The 1960 record may be summarized briefly. The rosy picture projected by many persons at the start of the year has proved to be overoptimistic. The frenetic pace of economic activity and inventory building associated with the steel strike and other labor disturbances could not be maintained. Inventories, which were accumulated at the rate of $11.4 billion early in 1960, were being liquidated at the rate of $3.0 billion in the last quarter. Despite this swing of $14.4 billion in inventories, total gross national product was actually higher in the last quarter of the year than in the first quarter—$503.5 billion as against $501.3 billion. However, the total was fractionally below the second quarter peak of $505.0 billion. In real terms, that is eliminating the price factor, total gross national product, has declined from $506.3 billion to $500.6 billion or by 1.1%. This is the magnitude of the recession experienced in total economic activity in the past six months.

End product demand reached new record levels in the fourth quarter despite the sharp decline in steel operations, the fall in industrial production, the lagging tendencies in housing, and the shift from inventory accumulation to inventory liquidation. During the fourth quarter, steel production remained at a low level, the decline in housing appeared to be halted and inventories were liquidated at the rate of $3.0 billion. In other words, the year end situation already reflected the impact of adverse developments in these areas of the economy. They are behind us, not ahead of us.

The reason why the declines in these areas have *not* led to a downward spiral is found in the fact that almost half of the nation's economic activity is accounted for by Federal, state and local government purchases ($101.7 billion) and consumer purchases of services ($133.7 billion). These two areas recorded persistent expansion in 1960, as they have in recent years. It is important to remember that industrial production which has reflected the major share of adverse developments accounts for only 35% of our total economic activity.

It should be noted that the rise of 5.4% in end-product demand since the last quarter of 1959 was reflected substantially in real terms since price inflation has been minimal during this period. Wholesale prices have remained about unchanged although the consumer price index has risen by 1.6%.

The Unemployment Picture

The magnitude of the changes I have described is milder than that experienced in the three earlier post-war recessions. Nevertheless, this is no reason for complacency. The big difference between the present situation and the earlier recessions is the larger volume of unemployment. In January, unemployment reached 5.4 million with a further rise probable for February which normally records a seasonal increase. This is a significantly greater total than in earlier post-war recessions.

In January 1958, unemployment was 4.5 million (peak of 5.2 million in February and March).

In January 1954, unemployment was 3.1 million (peak of 3.7 million in February and March).

In January 1950, unemployment was 4.5 million (peak of 4.7 million in February).

There are several differences between the present situation and the earlier recessions.

(1) In each of the three earlier recessions, employment declined from the preceding year. In contrast, during the current period the total has remained the same or higher than a year earlier. The reduction in the number of jobs in manufacturing industries has been more than offset by the increase in service industries and in government.

(2) The net rise in unemployment has reflected primarily the increase in the size of the labor force. In the last quarter of 1960, the total labor force averaged 1.4 million higher than in the corresponding period of 1959. During the first three post-war recessions, the increases were between 600,000 and 700,000 a year. The larger increase in unemployment this time is influenced significantly by this larger rise in the size of the labor force.

(3) Total unemployment was higher at the start of the present downturn than before the earlier recessions.

1948	2,064,000
1953	1,602,000
1957	2,936,000
1959	3,813,000
1960	3,931,000

The higher level of unemployment before the downturn plus the larger increase in the labor force in the past year have combined to yield higher total unemployment even though the volume of employment has held up very well.

It is important to keep these facts in mind when one evaluates the proposals to overcome the problem of unemployment. *The major problem is how to find jobs for our expanding labor force.*

Many of the programs advanced by the Kennedy Administration are designed to alleviate the hardships resulting from unemployment. Included in this category are the liberalization of unemployment benefits and the distribution of surplus food to the unemployed. The depressed area bill is designed to meet the special problems which have created a hard-core of unemployment in a few areas of the country. These measures are important.

However, of even greater significance would be a program designed to increase the total number of job opportunities in the country. This calls for a combination of measures which will add to business confidence and increase the incentive to new investment. Continued opposition to inflation, to which President Kennedy has pledged his administration, and stern measures to solve the gold problem will help business confidence. Incentives can best be improved by changes in our tax structure, including a liberalization of depreciation allowances, a reduction in excessively high rates on upper bracket incomes, and tax incentives to invest in bona fide new businesses.

New Factors Present

Before attempting to evaluate the outlook for 1961, it is important to recognize that in the last year or two there have emerged several new factors which were not present in the earlier post-war years. They will play a significant role in the business outlook and in the outlook for corporate profits. These factors may be summarized briefly as follows:

(1) There has been an intensification of competition among domestic companies and from abroad. The earlier post-war shortages which accompanied the high level of deferred demand have given way to surpluses. Since the end of the war, American industry has invested over $400 billion in new plant and equipment. The result has been a major addition to total capacity. This has several consequences which are sometimes overlooked. First, there is less urgent need for new plant and equipment to meet prevailing and prospective short-run demand. To an increasing extent new plant and equipment expenditures have been designed to increase efficiency and thereby to reduce costs rather than to add to total capacity. Secondly, ample supplies of goods are available and output can be increased rapidly if new demand emerges. This has an important bearing on the size of inventories carried.

The intensification of competition from abroad has resulted in some pressure on domestic prices. Many illustrations can be cited, including textiles, transistor radios, heavy electrical equipment, cameras and aluminum. The number of products affected by such competition will broaden rather than narrow. Moreover, the opening up of the St. Lawrence Waterway has increased the impact of foreign competition in the Middle West because of the freight savings involved in direct shipment by water.

(2) Another major development has been the *containment of inflation*. Wholesale prices on the average have remained about unchanged for three years while consumer prices have risen only modestly. The rise in consumer prices reflects primarily the wage inflation in the service industries.

A shift from price inflation to price stability affects significantly the expectations and planning of many businessmen. The incentive to build now because it will cost more tomorrow is dampened down. The willingness to speculate in inventories tends to be curbed. Business decisions are made in terms of basic requirements rather than distorted by

Continued on page 32

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Air Conditioning Stocks—Analysis—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

Bank Stocks — Quarterly Review —M. A. Schapiro & Co., Inc., 1 Wall St., New York 5, N. Y.

Canadian Business Guide — Including discussion of tax facts etc. —The Bank of Nova Scotia, New York Agency, 37 Wall St., New York 5, N. Y.

Canadian Capital Expenditure Program — Review — Bank of Montreal, P. O. Box 6002, Montreal 3, Que., Canada.

Canadian Petroleum Industry — Analysis of outlook — Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y.

Chemicals — Review with particular reference to **Diamond Alkali, Monsanto Chemical, Celanese, International Minerals & Chemicals, Air Products, Air Reduction, Thiokol, Heyden-Newport and Olin Mathieson** — A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Stanley Warner Corp.** and **Aircraft** and **Missile Stocks.**

Cyclical Stocks — Bulletin with particular reference to **Ford, General Motors, Dana Corp., U. S. Rubber, Allegheny Ludlum, Mesta Machine** and **Reynolds Metals** — Shields & Co., 44 Wall St., New York 5, N. Y.

Food Retailing—Analysis—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on **Meat Packers, Glass Industry, Atchison, Topeka & Santa Fe, Fansteel Metallurgical Corp., Litton Industries,** and **Wisconsin Public Service.**

Foreign Exchanges — Review — Samuel Montagu & Co., Ltd., 114 Old Broad St., London E. C. 2, England.

Japanese Market—Review—Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available are reports on **Taiyo Fisheries, Nippon Suisan, Nichiro Fisheries, Polar Whaling, Hoko Fisheries, Hokoku Suisan Fishing, Nippon Reizo** and **Honda Giken.**

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Ajinomoto Co., Inc.** and **Nippon Musical Instruments Manufacturing Co., Ltd.**

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon; Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

Liquid Gas Industry — Review — Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif.

Mountain Fuel Supply Company —1960 annual report—Secretary, Mountain Fuel Supply Company, P. O. Box 989, Salt Lake City 10, Utah.

Oil Stocks—Review—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a memorandum on **George A. Fuller Co.**

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 23-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Savings & Loan Industry—With particular reference to **Gibraltar Financial Corporation of California**—Charles A. Taggart & Co., Inc., 1516 Locust St., Philadelphia 3, Pa.

Yield Differentials and Foreign Exchange Rates for the U. S. Buyer of Canadian Internal Payment Securities—Brochure—Midland Securities Corp., Limited, 50 King St., West, Toronto 1, Ont., Canada.

* * *

Algoma Steel — Report — Greenshields & Co. (N. Y.) Inc., 64 Wall St., New York 5, N. Y. Also available are reports on **McIntyre Porcupine Mines Ltd., Lower St. Lawrence Power,** and **Loblaw Companies Ltd.**

Aluminum Company of America —Chart memorandum—Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a chart memorandum of **Libby Owens Ford.**

American Radiator & Standard Sanitary Corp.—Report—Droulia & Co., 25 Broad St., New York 4, N. Y.

Automatic Canteen Company of America—Report—Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y. Also available are reports on **United Bowling Centers** and **Edo Corporation.**

Avnet—Discussion in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York 5, N. Y. Also in the same issue are discussions of **Babcock & Wilcox, Celanese, Imperial Chemical Industries, Mallinckrodt, Olin Mathieson, Scott Paper Co.,** and **G. D. Searle & Co.**

Baltimore National Bank—Analysis — Robert Garrett & Sons, Garrett Building, Baltimore 3, Md.

Beech Nut Life Savers Inc.—Report — The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis.

Beechnut Life Savers, Inc. — Memorandum—Woodcock, Moyer, Fricke & French, 123 South Broad St., Philadelphia 9, Pa. Also available are memoranda on **Miles Laboratories** and **Thiokol Chemical Corp.**

Belco Petroleum Corp. — Memorandum — De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Bell & Howell — Review in "Quarterly Trends" pamphlet — Blair & Co., Inc., 20 Broad St., New York 5, N. Y. Also in the same issue are discussions of **Champion Paper and Fibre Co.** and **International Minerals & Chemical Corp.**

Beneficial Standard Life Insurance Company — Study — Robert H. Huff & Co., 210 West Seventh St., Los Angeles 14, Calif.

Berkshire Frocks — Analysis — J. R. Williston & Beane, 2 Broadway, New York 6, N. Y.

Blaw-Knox — Memorandum — Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also available are memoranda on **Lone Star Gas** and **Glens Falls Insurance.**

Brown Forman Distillers Corp.—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Celanese Corporation of America —Analysis—Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are data on **United Air Lines, Sunray Mid-Continent Oil, Burlington Industries, Continental Insurance Co., Southern Pacific Co., New England Electric System,** and **Granite City Steel.**

Chemetron Corporation — Analysis—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available are analyses of **Firestone Tire & Rubber Co., Chas. Pfizer & Co., Inc.,** and **River Brand Rice Mills Inc.**

Christiana Securities Co.—Report —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Creole Petroleum — Analysis — F. S. Moseley & Co., 50 Congress St., Boston 2, Mass.

Dominion Glass—Memorandum—Royal Securities Corporation Ltd., 244 St. James St. West, Montreal 1, Que., Canada.

Dorsey Corporation — Analysis — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y.

Edo Corp.—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Celanese Corp.**

Ericsson Telephone (Sweden) — Report—Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

Freeport Sulphur—Memorandum —B. C. Christopher & Co., Board of Trade Building, Kansas City 5, Mo. Also available is a memorandum on **Reynolds Metals.**

General Contract Finance Corp. — Analysis — Gruntal & Co., 50 Broadway, New York 4, N. Y.

Giant Food, Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y.

Gould National Batteries, Inc.—Analysis—Piper, Jaffray & Hopwood, 115 South Seventh St., Minneapolis 2, Minn.

Herff Jones Co. — Analysis — Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass.

Holiday Inns of America, Inc.—Analysis—Hayden, Stone & Co., 25 Broad St., New York 4, N. Y. Also available is a report on **Kern County Land.**

International Minerals & Chemical Corporation — Review—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

Interprovincial Pipeline — Bulletin—Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

Kansas Gas and Electric Co. — Report — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y.

Koehring Company — Analysis — Loewi & Co., Inc., 225 East Mason St., Milwaukee 2, Wis. Also available is an analysis of **Coastal States Gas Producing.**

P. Lorillard Co. — Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Whirlpool Corp.**

Midwestern Financial — Memorandum — Mitchell, Hutchins & Co., 231 South La Salle St., Chicago 4, Ill.

A. C. Nielsen Co. — Review — Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also available are data on **Borg Warner, United Airlines** and **American Machine & Foundry.**

Northrop Corporation — Analysis — William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Pepsi Cola General Bottlers, Inc. — Memorandum — Cruttenden, Podesta & Co., 209 South La Salle St., Chicago 4, Ill.

Pitney Bowes Inc. — Analysis — W. E. Hutton & Co., 14 Wall St., New York 6, N. Y.

Plant Industries—Memorandum—James Anthony & Co., Inc., 37 Wall St., New York 5, N. Y.

Remco Industries, Inc.—Analysis —Schweickart & Co., 29 Broadway, New York 6, N. Y.

Santa Fe Drilling—Memorandum —Daniel Reeves & Co., 398 South Beverly Drive, Beverly Hills, Calif.

Siegler Corporation — Report — Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

Southern Realty & Utilities Corp. — Analysis — Purcell & Co., 50 Broadway, New York 4, N. Y. Also available is a report on **Yale & Towne.**

Standard Oil Co. (Indiana)—Review—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is a report on **Grumman Aircraft.**

Stanley Warner Corp. — Analysis — Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y.

Sun Chemical Corp.—Analysis—Hornblower & Weeks, 40 Wall St., New York 5, N. Y. Also available are data on **Cleveland Cliffs Iron, Food Machinery** and **Westinghouse Air Brake.**

Union Financial Corp.—Report—First Columbus Corp., 52 East Gay St., Columbus 15, Ohio.

U. S. Steel Corp. — Data — E. F. Hutton & Co., 7616 Girard Ave., La Jolla, Calif. Also available are data on **Union Carbide Corp.**

Warner Lambert Pharmaceutical Co. — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Western Kentucky Gas — Memorandum — Equitable Securities Corp., 322 Union St., Nashville 3, Tenn.

Westinghouse Air Brake—Data—Penington, Colket & Co., 70 Pine St., New York 5, N. Y. Also available are data on **Sangamo Electric.**

Kentucky Bonds Being Offered To Investors

An underwriting syndicate formed by the combination of three groups—the first managed by the First National City Bank of New York, Blyth & Co. Inc. and Chemical Bank New York Trust Co.; the second, by Halsey, Stuart & Co. Inc. and Bankers Trust Co., and the third, by Harris Trust & Savings Bank, The Northern Trust Co., Continental Illinois National Bank and Trust Co. of Chicago, The First National Bank of Chicago, and The Chase Manhattan Bank—submitted on March 29 the sole bid for an issue of $100,000,000 Commonwealth of Kentucky, Voted Veterans Bonus Bonds, due July 1, 1962 to 1990, inclusive.

The syndicate bid par for the bonds as 3¾s, 3½s, 3.60s and 3.70s, representing a net interest cost of 3.6375 to the borrower.

On reoffering to the public, the bonds are scaled from a yield of 1.60%, out to a dollar price of par for the 1988 through 1990 maturities.

Other members of the underwriting syndicate include:

Morgan Guaranty Trust Co. of New York; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; Lehman Brothers; Glore, Forgan & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Drexel & Co.; C. J. Devine & Co.

Kuhn, Loeb & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Phelps, Fenn & Co.; The Philadelphia National Bank; Goldman, Sachs & Co.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Mercantile Trust Co.; Blair & Co. Inc.

Shields & Co.; Seattle-First National Bank; A. C. Allyn & Co. Inc.; B. J. Van Ingen & Co. Inc.; John Nuveen & Co. (Inc.); Wertheim & Co.; Dean Witter & Co.; Bear, Stearns & Co.; Carl M. Loeb, Rhoades & Co.; R. W. Pressprich & Co.

Ladenburg, Thalmann & Co.; Stone & Webster Securities Corp.; Hornblower & Weeks; Ira Haupt & Co.; Allen & Co.; F. S. Moseley & Co.; Almstedt Brothers; Bache & Co.; A. G. Becker & Co. Inc.; William Blair & Co.; J. C. Bradford & Co.

Braun, Bosworth & Co. Inc.; Alex. Brown & Sons; Clark, Dodge & Co. Inc.; R. S. Dickson & Co. Inc.; Dominick & Dominick; Estabrook & Co.; First of Michigan Corp.; The First National Bank of Oregon; Hallgarten & Co.; Hayden, Stone & Co.; Hemphill, Noyes & Co.

J. J. B. Hilliard & Son; W. E. Hutton & Co.; Kean, Taylor & Co.; Lee Higginson Corp.; The Marine Trust Co. of Western New York; W. H. Morton & Co. Inc.; Paine, Webber, Jackson & Curtis; Reynolds & Co.; Roosevelt & Cross Inc.; L. F. Rothschild & Co.; Shearson, Hammill & Co.; F. S. Smithers & Co.; United California Bank, Los Angeles, Cal.

A. G. Edwards Sons Admits Partner

As of March 30, William N. Haskell becomes a member of the New York Stock Exchange, and a partner in A. G. Edwards & Sons. He will make his headquarters in the firm's New York office.

Transcontinental America

CHICAGO, Ill.—Transcontinental America Securities, Inc. has been formed with offices at 2953 North Clark Street to engage in a securities business. Officers are Arnold Schlachter, President; Verus C. Stick, Vice-President; and Martha Hagen, Secretary-Treasurer.

Sober Reflections About Electronic Stock Values

By Robert W. Galvin,* *President, Motorola, Inc., Chicago, Ill.*

The investor is reminded that the electronic industry has long since past the vacuum tube stage by Mr. Galvin who outlines some of the big changes forthcoming in the next 10 or so years. The manufacturer cautions investors to double check the obvious, to remember that the industry is fiercely competitive, and to bear in mind factors which may limit earnings for some firms. In conclusion, Mr. Galvin expresses concern about the industry's P/E ratios and the reaction of stockholders and the financial community if, in some cases, an investment performs poorly.

The investment banker has been good to the electronics industry—the electronics industry has been good to the investment banker. So far, ours has been a beneficial partnership.

Robert W. Galvin

As partners, we have serious and continuing responsibilities to each other. Later, and with a word of caution, I shall touch on what I believe to be your responsibilities to us and to our industry.

We in the industry, recognize that our fast developing technology, is extremely complex and therefore little understood by most people. We also understand and are gratified by investment bankers' apparent sincere desire to intelligently and wisely guide their customers in their investment decisions. We see it as our partnership duty to do our best in helping others to understand the changing character and technology in our future and, more importantly, the bright promises —and, yes, pitfalls—which our future will present to us and to you.

Discusses Particular Fundamentals

Let's review some of the newer fundamentals that may only now be making themselves apparent. I'm not going to address myself to such factors as management, diversification, integrity, etc. Most investors are uncommonly alert to these. Rather, I'll address myself to other matters that involve potentially big change in our industry, change that will spell opportunity for some and difficulty for others.

Only a few years ago, the electronics industry was simply the science and business of putting the vacuum tube to work. We successfully put it to work to communicate, control, compute and to measure. With the development of the transistor, the industry product has already undergone a vast change. The effect of this change is readily apparent to the investor—reduced size of product, increased reliability, reduced need for power to excite transistor circuits, and less need for artificial cooling of the product. These advances extended the markets where we can communicate, control, compute and measure. But still the electronics industry remains an interconnected component business. Such interconnections impose limitations of reliability, size and cost on our products.

The big change that is forthcoming in the next 10 or so years is a technological change from interconnected components to solid functional circuits. This will result from advanced research in thin film materials and solid materials development. The essence of the electronics business of the long-term future will be materials, not components or their circuitry. This is the most far-reaching fundamental with which you must now become concerned. Here are its effects, consequences which will soon be readily apparent.

(1) Our laboratories were once staffed predominantly by electrical engineers and lesser members of mechanical engineers. Gradually, physicists, chemists, metallurgists, and mathematicians will assume equal and possibly the dominant roles.

(2) Research is now essential to prepare an electronics company for the long-range growth to which it aspires. The term "Research" is being loosely used by industrialist and banker alike. From here on, real research, not just product development, is essential.

(3) The form of our product will change dramatically.

(4) Our capital investment in plant and equipment as a ratio to sales volume will climb because of the need for much more elaborate laboratories to create the new chemical-metallurgical materials, and vastly more complex factory equipment necessary to mass-produce these integrated and solid material circuits.

Reflected in these changes are the implications that the equipment manufacturer and marketer will extend his vertical integration with consequent effects on many component suppliers. It also suggests that certain qualified science oriented components companies may expand into equipment operations.

(5) Reliability will be dramatically improved by materials research and solid circuits. The service business will become a lesser per cent of the electronics dollar. In fact, within this decade, in our company, we expect to produce certain lines of products that just won't break down in normal operation.

The urgent need for total reliability in military and space electronics makes its imperative that research in the solid state electronics science be intensified, and this research—as it is intensified with government support — will speed changes in the consumer and industrial segments of our industry.

Picking the Right Opportunities

A second fundamental which should be put high on one's evaluation checklist is to Question the Obvious. For example, when television started, both industry executives and stock analysts heard that the F. C. C. allocation tables allowed for some 2,000 TV stations in the country. Immediately this became a prediction in industry speeches and stock analysts' letters. Actually, a casual study revealed to a few real students of the industry, that less than half that number would be economically supportable. Result — 600 on the air today. Color TV is another prominent promise that has not lived up to the investor's or the public's, or the industry's expectation. For sure, many of our expectations have *more* than lived up to their promises. The reason I mention situations that have not, is that the public, and often the stock analyst, display a propensity to assume that every possibility in electronics will happen.

This means that there will always be a real premium on proper selection of opportunities. I don't mean just your selection of companies, but also our selection of products. Electronics can do virtually anything. But there is a right and a wrong way, a right and a wrong time, and some of the things it can do will not prove to be worth the cost.

Yes, electronics is a growth industry. But its growth will be primarily the result of change—big change. Only because of basic change in our science can we hope to serve twice as large a market in the near future as we serve today. Only because of basic change in our science can we hope to apply our products to places where yesterday size or cost or reliability prevented the serious consideration of an electronic product being the answer to the satisfaction of a need.

Some of these new applications will prove expensive to pioneer. Others may prove windfalls. The total of the new applications and attractive growth in most current markets offers a handsome opportunity for many companies but only those companies that are scientifically ready and wisely selective of the time and kind of markets they choose.

Competitive Character of the Industry

The third fundamental worthy of specific mention and careful consideration is that the electronics industry has almost always been, is today, and will remain, fiercely competitive. True, there have been occasional windfall periods of high profit margins—such as 1946 for radios and 1950 for television. But a look at history shows that it didn't take long for the strong forces of competition to exert themselves, and the years since have seen numerous casualties in both of those businesses.

Now if these fundamentals are correct, what do they mean to investors as you place values on electronics companies?

Factors Limiting Earnings

First, the need for heavy research and engineering expenditures plus traditional competitive forces, will limit net earnings.

Second, limited earnings plus the need for much higher than traditional capital investment will both force continued retention of large portions of earnings and higher debt-to-equity ratios than we have seen in the past.

Third, the value of diversification will become greater.

The combination of these considerations will simply make it tougher for the small company to prosper and grow.

Finally, the over-abiding great opportunities which our future *does* afford will permit attractive —and in some cases spectacular—growth for those companies whose managements artfully select the right product opportunities for pursuit, and can support their efforts with adequate research and finances.

Incidentally, I firmly believe that the considerable investment any firm is making in broad solid state materials research — research which already shows quite promising results — along with our product diversification and relatively conservative financial structure, speak extremely well for Motorola's future.

Now, a word about what I believe is your partnership responsibility.

The Rise in P/E Ratios

There are times when we in the industry wonder about the prices that are paid for our stocks. It is rare that you find a principal executive in the electronics industry who is not at least curious about the values that investors see in those stocks selling at 40, 50, and 60 times earnings. We frankly wonder what the public expects of us—what investment bankers expect of us. Yes, *even* those of us with somewhat more conservative price/earnings ratios, though pleased with the apparent expression of confidence that our stock prices bespeak, have our moments of wonderment.

It seems that the simple expectancy of the investor is growth —in sales and earnings, and in many cases, rather spectacular growth at that, I would guess. Growth, and also the investor's desire to participate in a special and often well-publicized and little understood situation, along with his willingness to gamble on the probability that in someone else's mind the speculative issue will seem worth even more tomorrow than he paid for it today. These seem to have combined to make electronics issues popular.

For sure the electronics industry will grow — probably it will double its size in the next ten years from a $10 billion volume in 1960 to $20 billion in 1970. But, even giving proper credit to this, I wonder if the shares of many companies have been fairly valued or over-valued?

Why do I stand in public and express concern about this situation? As a principal shareholder in our company, I appear to have personally benefited. As the President of a company, our stockholders are pleased with the appreciation of their shares. So why the sober concern?

Very simply, someday the electronics industry must account for itself and so also must the investment banker account for his stewardship.

Our company and our industry have traditionally enjoyed fine stockholder and financial community relationships. We do not want to see your customers and our friends lose faith in you and us because the growth performance of some companies does not live up to expectations.

If we can properly select product and research opportunities, and if investment bankers—applying the fundamentals I have mentioned — will carefully guide their customers in the selection and the valuation of electronics companies, our fine partnership will certainly prosper.

*An address by Mr. Galvin before the Central States Group, Investment Bankers' Association of America, Chicago, Ill., March 14, 1961.

Bell & Beckwith To Admit Secor

TOLEDO, Ohio — Bell & Beckwith, 234 Erie St., members of the New York Stock Exchange, on April 6 will admit James J. Secor, Jr. to partnership.

The Coming Silver Crisis

By Thomas R. Drey, Jr., Dorchester, Mass.

Mr. Drey takes strong exception to our mint silver policies which he says are laying the basis for a shortage of silver in the face of new, expanding demand. Moreover, he predicts that the Treasury free silver stock, including Lend-Lease silver, will be depleted by 1963 as long as the Treasury selling price is below the world market price and above its buying price. Attacking our fixed mint ceiling on gold and silver, the writer foresees a monetary crisis in both metals and a resulting forced rise in price.

The United States Treasury, already beset by a serious gold problem, now faces a mounting silver crisis. There is every indication that the Treasury's grip on the international silver market is weakening. On Dec. 21, 1960 Treasury free stock silver stood at 123.5 million ounces, down from 175.1 million ounces on the same date a year ago. This represents a decline of 51.5 million ounces or 29.4% of the entire stock in one year and compares with a decline of 13% in 1959. Actually during 1960, there were 67.1 million ounces of silver withdrawn from free stock inventory and, of this amount, 46 million ounces were utilized for coinage requirements and 21.5 million ounces were sold to domestic industry at 91¢ an ounce. The Treasury was able to partially offset this huge loss by the addition of 16 million ounces of previously returned Lend-Lease silver.

Thomas R. Drey, Jr.

However, not since Mar. 6, 1959 has the Treasury, acting under the "Silver Purchase Act" of 1946 been successful in purchasing newly mined domestic silver at the authorized price of 90.5c an ounce. On the other hand, the Treasury must utilize free stock inventory to meet additional coinage requirements and is committed to make discretionary sales of free stock silver to domestic industry at 91c an ounce, a price which is somewhat below the market. The basic problem here is that pressure of world demand has steadily pushed the price of silver upward to a point where the Treasury can't purchase additional newly minted silver at the authorized price of 90.5c, but at the same time is selling existing stocks to domestic industry at a discount. This situation is causing a rapid depletion of free stock silver reserves and creating a situation in which the sale of Treasury free stock is depressing the world price of silver and discouraging the production of a much needed commodity. Free stock inventory is down from a high of 202 million ounces in 1958 and, if present policy continues, it will not be long before the supply is exhausted.

Expanding Demand for Silver

The world-wide demand for silver, both for coinage and industry, continues to expand while the world-wide surplus of silver, accumulated in years prior to a decade ago, is in a sharp downtrend. During the past five years free world consumption of silver has exceeded new production of 376.9 million ounces. In 1960 alone free world silver production amounted to 202.5 million ounces as against consumption of 319.3 million ounces, resulting in a production deficit of some 116.8 million ounces; industrial uses increased about 5% to 226 million ounces and coinage consumption was up 11% at 93.3 million ounces.

There are several factors which mitigate for a continued expansion in the demand for silver and at the same time a somewhat inadequate production trend. Coinage throughout the world continues to consume large quantities of silver. The currency decimalization activities of many nations has created an increased demand on silver. On February 14 of this year, the Union of South Africa, South West Africa and the British Protectorates of Swaziland, Bechuanaland, and Basutoland introduced decimal coinage. The changeover will take approximately 18 months, during which time a continual flow of new silver coinage will be issued. Earlier in the year Pakistan converted to decimal coinage and both the United Kingdom and Australia are now contemplating similar moves. The revised coinage programs of France and Italy, initiated several years ago, will place a considerable strain on the world silver market since it is expected that both these countries will have to enter the open market in order to complete these programs.

The increased use of automatic vending machines in all Western countries has created a new and expanding use for silver coinage.

In the East silver continues to occupy the dominant position as that of gold in the West, as a storehouse of capital and symbol of wealth. Silverware, jewelry and the decorative arts continue to utilize large amounts of silver. It is however in industry, in particular since the end of World War II, that silver has become not only a semi-precious but also a strategic metal. The demand for silver in the photographic, electronics, missile and space age industries has increased at such an accelerated pace that it may yet tax all available resources in the years ahead.

Production Decline

Despite this increased demand for silver and a production deficit which is now over 100 ounces annually, there is no indication of any appreciable increase in production to alleviate mounting shortages in years to come. In fact, free world production of silver at 202.5 million ounces in 1960 was down from 220.7 million ounces in 1957 and 230 million ounces in 1956. There is some indication that silver production for 1961 may be below that of 1960.

There are two dominant reasons as to why silver production fails to keep pace with and may even decline in wake of a rising demand. First, silver producers are severely handicapped by the Treasury policy of maintaining a fixed offering price of 91c for metal held in free stock inventory. Caught between a cost-price squeeze brought about by increased costs of mining and milling and a set price ceiling maintained by the U. S. Treasury more and more straight silver producers, particularly those in the marginal category, have been forced to close their mines and wait a better price for silver. Second, the number of straight silver producers has rapidly declined over the years, and a large amount of silver production is now obtained as a by-product of gold and in particular such base metals as copper, zinc and lead. Since base metals are currently in world-wide over-supply, most major producers have agreed upon production cut-backs. As a result, the silver output from this source, which is now quite substantial, will dip considerably in the near term.

Objects to Treasury Sale Price

During 1960 the United States produced 39 million ounces of domestically mined silver and consumed 146 million ounces or approximately 70% of the free world supply. Since the end of World War II, the United States has been able to bridge the gap between supply and demand by using and selling to industry silver from its accumulated free stock inventory. During the past 10 years, however, this free stock inventory has diminished from well over a billion ounces to 123.5 million ounces recorded at the end of 1960. This rapid decline in free stock inventory has not however prompted the Treasury to halt sales of its dwindling supply to domestic industry. In 1960 by means of the so-called "End Use Certificate", 21.5 million ounces of free stock inventory were sold to domestic industry and in 1959, a year of pronounced shortage due to strikes, some 34.5 million ounces were similarly sold. The effect of such sales, at a fixed price of 91c, is to sharply depress world silver prices and divert an already inadequate supply of domestically mined silver to foreign markets.

Of the 39 million ounces of domestic silver produced in the United States during 1960, 26.7 million ounces were exported. This means that while the Treasury was selling its stockpile for 91c an ounce to industry, domestic producers were exporting almost 70% of total production for premium prices abroad. This condition is somewhat alarming in view of the fact that the United States must import some 60 million ounces annually in order to meet domestic requirements.

Obviously as long as Treasury silver is available at 91c an ounce, users, who are eligible for such silver, will refuse to go elsewhere and the world price of silver will be artificially depressed. The significant point is, however, that free stock inventory is declining rapidly and the Treasury can't rebuild its stock at the present authorized purchase price of 90.5c an ounce. Of Lend-Lease silver, which at one time amounted to 410.8 million ounces, only 30.5 million ounces are still outstanding and 13.2 million ounces remain as yet unverified. This means that total possible additions from this source are down to 43.7 million ounces.

At the present rate of reduction it is estimated that the entire free stock inventory, including all outstanding Lend-Lease silver, will be depleted by mid 1963. Should this occur, the Treasury would no longer be able to maintain an artificial fixed ceiling of 91c an ounce on silver and world prices would rise to reflect demand. The Treasury would also have to enter the open market to purchase some 40 million ounces of silver which it needs annually for additional coinage requirements.

Poses Three Alternatives

To forestall ultimate depletion of its free stock inventory and enhance its weakening position, the Treasury has three alternatives:

1. It can by administrative action increase its selling price for silver. This action would stimulate production and put many marginal producers back in business.

2. It can refuse to sell silver to domestic users. This would automatically free the price of silver from Treasury dictation.

3. It can by administrative action draw on the 1.7 billion ounces of silver held in "Monetary Reserve" at $1.29 an ounce. This would be accomplished by the retirement of a designated number of "Silver Certificates" and replacing them with an equal number of gold-backed Federal Reserve Notes. Silver thus obtained would then be transferred to free stock inventory. Such action would, however, place an added strain on an already trying gold situation and result in huge losses from the sale to domestic industry, at 91c an ounce, silver which is now held in reserve at $1.29 an ounce.

Present Treasury policy seems to rely on this 1.7 billion ounces of silver now held in "Monetary Reserve" in expectation that increased production in lower cost countries such as Canada, Mexico and Peru will come to the rescue. Such occurrence seems quite unlikely since world consumption is on the increase and the fixed ceiling price maintained by the Treasury tends to dampen an expansion in production and exploration.

Claims We Have a Fetish

There has developed in the United States a certain fetish relative to increasing the price of gold and to a lesser extent silver. The question arises as to how long the United States can continue to mine the Treasury. While leading bankers in the United States have been advocating managed paper currency, more realistic foreign nations have been busy strengthening their monetary systems with the objective of attaining convertibility.

Few Americans are aware that the Treasury is depressing the world price of silver by selling its free stock inventory at a discount. This practice is somewhat similar to current Treasury policy of selling gold on the London market to keep the price down. The question arises as to how long the Treasury can continue to sell precious gold stock to foreign hoarders while denying it to U. S. citizens. How long can the Treasury continue to sell free stock silver to industry at a discount and thereby divert domestic production to foreign markets? It is obviously only a question of time until either reserves are exhausted or a monetary crisis occurs. It now appears that the latter is in the making and in this connection it must be remembered that the United States is the only major nation in the Western world that has not undertaken monetary reconstruction since the end of World War II.

Every indication is that a silver crisis will follow the current gold situation. When such occurs the Treasury will be forced to embargo sales and increase its silver price to a more realistic level, probably $1.29 which is now the value placed on silver in "Monetary Reserve." One thing is certain and that is that the Treasury cannot indefinitely continue to sell its free stock silver at 91c an ounce. The longer the present ceiling price is maintained, the more acute will be the coming crisis and subsequently the higher will be the ultimate price for silver.

Newborg to Admit Singer, Others

On April 10, Newborg & Co., 25 Broad St., New York City, members of the New York Stock Exchange, will admit Donald J. Singer, Robert D. Hill and Elmer J. Comer to partnership. Mr. Singer is a partner in Porges, Singer & Co.

Lind, Somers & Co. Formed in Portland

PORTLAND, Oregon—Herman L. Lind and Howard B. Somers have formed Lind, Somers & Co. with offices in the U. S. National Bank Building, to engage in a securities business. Both were formerly partners in Camp & Co.

Real Estate Stocks for High, Tax Sheltered Income

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Outlining the attractive yields, the tax exemption and the excellent inflation hedge now provided by certain real estate company shares.

With the market accent today on growth stocks, and millions of investors in quest of capital gains, the old fashioned investor for income appears to have been left out in the cold. Some years ago it was possible to purchase a list of seasoned stocks returning from 5% to 6% in cash dividends. Today, such typical income-type issues as American Tel. & Tel., General Foods, Consolidated Edison, U. S. Steel or Woolworth yield far less than that. During the 1920s bond investment by individuals was widely popular mainly because well rated industrial, public utility and real estate bonds could be bought to yield from 5% to 6¼%. Now equivalent issues seldom yield as much as 4½%; and all of these returns are taxable.

What the income-minded investors have been looking for, therefore, is higher yields, partial or total tax exemption, and, along with these, a useful defense against inflation. Many informed investors think they've found the answer in selected real estate company shares.

High Tax-Free Income

What is this magic that has created a tax-free return to holders of certain realty shares, and allowed them to maintain a dollar parity in their principal while enjoying a generous, above-average, income payout? The magic is found in the unique accounting methods which apply to income-producing real property.

Real estate accounting is a form of tallying rental income and deducting from this, cash-item payouts. The cash actually paid out includes monies spent on operation and maintenance and on interest and reduction of mortgage indebtedness. There's depreciation of course, but it's just a bookkeeping item. It reduces and often eliminates income tax liability, but the money is not actually spent as it is in the purchase of fuel or payment of real estate taxes. So the depreciation reserve on a building is money that's on hand and that can be paid out to the owner-investor. When it is thus distributed as a dividend it is, in effect, a return of capital to the investor and, as such, non-taxable to him until he receives payments exceeding his original investment. This might seem to reduce value of the original investment but it doesn't work out that way in practice; and for two reasons. First, the annual reduction of the mortgage is constantly building up the owner's equity; and second, a soundly constructed, properly maintained building on well located land tends to increase in value over time.

Let's see how these factors operate. Take the mortgage. Most mortgages are amortized in around 20 years. The popular method of repayment is by a constant annual amount. Assume that a building has a $1,000,000 mortgage at 6% with an annual interest and amortization payment of $80,000 agreed on. For the first year $60,000 would go for interest and $20,000 for amortization. As each year goes by, however, and the mortgage is reduced, less of the $80,000 will be needed for interest each year, and a steadily larger amount of it will go toward reduction of debt. Finally, the mortgage will be paid off, and usually, the debt-free property will then be worth substantially more than its depreciated book value. In many urban areas where land values have been soaring, buildings going through this parallel depreciation and amortization cycle have wound up with the equity worth two or three times what it was 20 years earlier. Rising demand and ever increasing construction (and replacement) costs are perennial factors favoring ownership in income producing properties, and providing a defense against inflation.

Many Companies to Choose From

In recent years, a number of real estate companies have been formed and their shares publicly offered. In this way thousands of investors, who had never been attracted to real estate before, have found that, in certificate form, the burdensome details of property management are eliminated and unusually attractive tax-sheltered incomes available. So the real estate company has caught on in a big way and is becoming an increasingly important element in the investment market. There are several major companies to choose from, and a number of interesting new ones will no doubt emerge, stimulated by a recent law offering special tax advantages to real estate investment trusts.

Presently, representative real estate company stocks yield around 7% (tax exempt). The oldest organization in the business is probably Real Estate Investment Trust of America which has been in continuous operation (and has paid dividends) for the past 75 years. More recent companies would include the Kratter Corp., Tenny Corp., Futterman Corp. and Glickman Corp. Be on the lookout for attractive newcomers which, like these, will be designed to generate generous tax-sheltered income from diverse, and well maintained income producing properties.

Real estate companies often start out as a consolidation of properties owned earlier by individuals, a syndicate or syndicates. The former owners receive shares in the new company for their properties, and pass on to the corporation the responsibility for operation and management. Each company develops its own particular investment approach. Some prefer to own office buildings; others specialize in apartments; others may go in for motels, bowling alleys, or super markets which frequently offer higher returns since they are newer and in some instances a little more speculative in character. Some companies diversify to include a variety of property types. Some, too, specialize in outright ownership and management, while others go in extensively for sale and lease back situations, where a steady, fixed rental income is provided from a long term net lease (the tenant pays all the taxes and operating expenses).

If one company offers, on its common or class A stock, a higher cash payout than another, it may well be due to the character of the properties owned, the prices at which properties were acquired, and the geographic area in which major investments are made. If a company specializes in "lease backs" some inquiry should be made about the companies doing the leasing. If the tenant executing a long term lease happens to be but thinly solvent, the property may be bounced back to the owner at an unwelcome time, and rental income will cease while a new tenant is being found.

We have reviewed today an area of investment which appeals to those seeking high but dependable income. The tax-free yields available are definitely attractive and some issues have advanced substantially in market price. So if you're fed up with meager returns and believe in the long term profitability of land and modern structures thereon, then you may find in selected real estate stocks a unique combination of rewarding income and a bulwark against inflation.

Hornblower Weeks Denver Office

Ray L. Robinson Malcolm F. Roberts

DENVER, Colo. — Hornblower & Weeks, members of the New York Stock Exchange, have opened a branch office at 650 Seventeenth Street under the management of Malcolm F. Roberts. Also associated with the new branch are Raymond L. Robinson, Paul W. Gorham, Charles W. Allen, Chester B. Lippitt and Wayne F. Morrison.

Mr. Roberts was formerly Vice-President of Garrett-Bromfield & Co., in charge of sales and syndicate department. Mr. Robinson was formerly head of the Garrett-Bromfield municipal department, and Mr. Gorham of the trading department. Mr. Allen, Mr. Lippitt and Mr. Morrison were also previously with Garrett-Bromfield & Co.

Lawrence Greenwald Opens

DALLAS, Tex.—Lawrence Greenwald is conducting a securities business from offices in the National Bankers Life Building.

Texas IBA Group Convenes April 12

HOUSTON, Texas — The Texas Group of the Investment Bankers Association will hold its 26th Annual Convention at the Shamrock Hilton Hotel April 12-14.

Registration is planned for April 12. On April 13 the Group will hold its business meeting and annual election of officers. Lloyd M. Bentsen, Jr., President of the Lincoln Liberty Life Insurance Company will be guest speaker at special luncheon. Scheduled for the afternoon of April 13 will be a special discussion on "Is A Centralized Computer Adaptable to Brokerage Operation?" conducted by Arthur Young & Company.

On April 14 there will be a golf tournament at the Champions Golf Club, and a tour of the Houston Ship Channel, followed by a formal dinner dance in the evening.

Members of the Convention Committee are:

General Chairman: John Jay Fosdick, Eddleman, Pollok & Fosdick Inc.

Registration: Tom Ball, Jr., Brown, Wareing, Ball & Co.

Transportation: John Greer, McClung & Knickerbocker Inc. and Duane Geis, Rotan Mosle & Co.

Hospitality Room: Dave Arnspiger, Rowles, Winston & Co., and Jack Currier, Moroney, Beissner & Co.

Golf: Wilbur Frederking, Fridley & Frederking, and John Weatherston, A. G. Edwards & Sons.

Houston Investment Dealers Cocktail Party: Dick Bradley, Equitable Securities Corporation, and Bryan Grubbs, Merrill Lynch, Pierce, Fenner & Smith Inc.

Ladies Reception Committee: Mrs. Russell R. Rowles; Mrs. John J. Fosdick; and Mrs. Tom Ball, Jr.

Alvin J. Rothman Joins Lloyd Haas & Co.

Alvin J. Rothman is joining Lloyd Haas & Co., 120 Broadway, New York City, effective April 1, as director of the over-the-counter research department. Mr. Rothman was formerly in charge of over-the-counter research at Walston & Co. and was senior security analyst at H. Hentz & Co.

Monetary Policy Problems In 1961 and the Future

By Tilford C. Gaines,* *Vice-President, First National Bank of Chicago, Chicago, Ill.*

Chicago commercial banker formerly with the New York Federal Reserve Bank discusses the likely course of monetary policy, interest rate trend and commercial bank portfolio policy. Mr. Gaines avers it will be possible for the Fed to develop policies aimed at domestic problems without too much concern for their effect on our balance of payments; sees the Fed's policies remaining relatively easy for some months after economic recovery becomes apparent; expects interest rates will be higher by the end of the year but not as high as the end of 1959 with a rise in the discount rate "in line with the market"; and suspects, however, that long-term rates will rise only marginally unless mortgage credit and corporate capital grow more rapidly than now foreseen. The banker also ventures his opinion as to what future open market policy may be like.

It is customary in the press and in discussions to distinguish only two general types of monetary policy, labeled "tight" and "easy." In actual fact, the monetary policies of the Federal Reserve System in recent years have taken many forms, both in the intensity with which "tightness" or "ease" was pursued and in the selection of the particular instruments of policy to be used. Monetary policy must always pursue several objectives at the same time—full employment, price stability, protection of the dollar in international markets, and so forth—and the particular shape that policy takes at any time reflects the relative weights that the monetary authorities have attached to their various objectives in the circumstances then existing.

During the past year the Federal Reserve System has faced a particularly difficult policy problem, since its two most important immediate objectives were apparently irreconcilable. On the one hand, business recession in our domestic economy called for an easy availability of money and credit as a means of encouraging business revival. On the other hand, rates of interest in our markets could not be allowed to fall too far below rates of interest abroad, for fear of stimulating flights of short-term funds that would add to our already serious balance of payments problem, perhaps to the point of undermining international confidence in the dollar. The Federal Reserve System has done an excellent job in reconciling the apparently irreconcilable. It has been imaginative in developing new techniques aimed at easing credit in our markets while preventing our short-term rates of interest from falling to a range that would endanger our balance of payments.

But "straddle" policies that attempt to make the best of a bad situation are never wholly satisfactory. Although short-term rates have been prevented from falling nearly as far as they did in the 1958 recession, the outflow of short-term capital to foreign money markets last year added importantly to our balance of payments deficit. And while credit has been made relatively easy, there has not been the growth in bank credit and the money supply, nor has there been the encouragement to construction and capital spending through low long-term interest rates, that should be expected in a period of slumping economic activity.

Sees Greater Emphasis on Domestic Needs

If I am interpreting the most recent economic signals correctly, the Federal Reserve should be in a much more comfortable position during the year ahead than in the year past. We apparently are at or very close to the bottom of the recession, and there is some evidence that recovery is already setting in. Assuming this to be the case, and given the background of the past year, there are several conclusions about monetary policy for the balance of this year that suggest themselves.

First, monetary policy will be more influenced by domestic than by international considerations, since the tendency for interest rates to increase as credit demands build up will lessen the danger of short-term capital outflows.

Second, monetary policy will remain relatively easy for a considerable time after recovery begins in order to help establish a healthy rate of growth in economic activity through growth in bank credit and the money supply.

Third, the relatively easy tone of monetary policy will mean that the rise in interest rates as the year proceeds will be gradual and moderate, quite unlike the record of the 1958-1959 recovery.

The conclusion that domestic economic requirements will play a relatively more important role in determining Federal Reserve policy during the year ahead than they have in the year past is a logical extension of the expectation that interest rates will tend to rise rather than decline. The conflict between domestic requirements and balance of payments considerations that has received so much attention in recent months is a matter of concern only when the central bank is attempting to pursue a policy of easy money and credit availability. With Federal Reserve policy moving toward a more neutral position and permitting interest rates in our market to rise somewhat, it follows that the inducement for short-term funds to move abroad will be reduced. Of course, it is possible that short-term rates of interest in London and the other major financial markets abroad might rise at a rate as rapid as the increase in this country, continuing the danger of short-term capital outflow.

It is more likely, however, that the monetary authorities in the principal Western European countries will permit rising rates in this country to close the gap and perhaps to stimulate some reverse flow of those funds that went abroad last year. In any case, it seems reasonably clear that Federal Reserve policy during the balance of this year will be able to concentrate on its principal responsibility for assisting domestic economic recovery, relatively free of the spectre of international dollar crisis that has haunted its actions for most of the past year.

Balance of Payments Remedy

Let me stress that these remarks are not intended to suggest that we have solved our balance of payments problem. They are meant to suggest only that Federal Reserve policy might not find it necessary to be so concerned about the balance of payments repercussions of its actions. The underlying balance of payments deficit will remain, even if we should gain funds on short-term capital movement this year. To assure the longer term stability of the dollar as the key currency in world markets it is necessary that two things be done. First, we must continue to work toward balance in our international accounts, net of short-term capital movements. Second, we must remodel the international financial machinery so that private short-term capital flows from one country to another will not be able to threaten the stability of any of the major currencies. These matters are outside my immediate concern, however. To repeat, what is important for the immediate future is that it will be possible for the monetary authorities to develop policies aimed at domestic problems without too much concern for the effect of these policies upon our balance of payments. It goes without saying, of course, that these policies must not be obviously inflationary if world confidence in the dollar is to be preserved.

My second principal conclusion is that Federal Reserve policy in 1961 will remain relatively easy for some months after economic recovery becomes apparent. There are several reasons for expecting the Federal Reserve System to go rather slowly in imposing restraints on money and credit during the next business recovery. In the first place, the economy is presently far below capacity in its utilization of both manpower and plant facilities. Employment and production could increase by a considerable amount before beginning to push against capacity ceilings in a way that might threaten a rebirth of inflationary pressures. It is reasonable to conclude that the Federal Reserve System is anxious to encourage rapid economic improvement so long as the rate of growth is prevented from pressing into the range of inflationary pressures on resources. In the second place, the fact that inflation appears to have been checked during the past by itself creates a far different setting for the development of monetary policy than that which existed as we came out of recession in 1958.

Another important difference between the present and 1958 is in the budget outlook. At that time, a huge deficit was projected for fiscal 1959, whereas it is now expected that the fiscal 1962 deficit will be of quite manageable proportions. The fact that fiscal policy promises to be only mildly expansive in the first year of recovery means that Federal Reserve policy can be more expansive this year than it was in 1958-59. Finally, the growth in money supply and general economic liquidity during the current recession has been much smaller than during the recession months in the first half of 1958. The money supply has grown at a reasonably satisfactory rate since the middle of last year, but it still is only about equal to year-ago levels and below the mark reached in 1959. There is every reason to think that the Federal Reserve System will be quite willing — even anxious — to encourage a healthy growth in the money supply as credit demands build up at the commercial banks during the early months of recovery.

For these reasons, I would expect the Federal Reserve System to move rather slowly and cautiously away from its easy money policy as recovery gets underway. Money will be made somewhat less easy, to be sure, but I consider it unlikely that we will see anything that could properly be called tight money during the balance of this year. The level of free reserves probably will be allowed to drift lower during the summer and fall months, and the discount rate may be increased sometime this fall. But all in all, I would expect a rather easy availability of commercial bank credit during 1961 and into 1962.

Expects Gentle Interest Rate Rise

Although it seems likely that the Federal Reserve System will not consciously impose serious restraint on the availability of money and credit this year, it also is reasonable to expect that interest rates will begin to move higher sometime during the next few months and continue on a gentle upward trend for the balance of the year. The increase in interest rates probably will stem primarily from heavier demands for credit rather than from actions by the monetary authorities to limit the supply of credit. As interest rates begin moving higher this spring or summer, it is to be expected that short-term rates will rise much more appreciably than intermediate or long-term rates. In fact, unless the demands for mortgage credit and corporate capital grow much more rapidly than now seems to be in prospect, it is possible that longer term rates of interest will rise only marginally.

It is entirely possible that the rate on long-term U. S. Governments will not reach 4% during the balance of this year. Short-term rates should be under greater pressure, however, as commercial banks find it possible to channel a larger portion of their funds into commercial loans and as the Treasury concentrates the bulk of its seasonal borrowing during the last half of this year in the short-term area. Three-month Treasury bill rates, for example, may rise from their present 2¼% range to the vicinity of the 3% discount rate by summer or early fall. It is even possible that rates on three-month bills might move above 3% at the time of the usual seasonal pressure on the money market that develops in late August and September. In this event, the Federal Reserve System might use the opportunity thus presented to raise the discount rate to a level "in line with the market."

In short, I expect interest rates for all maturities and all types of obligations to be higher by the end of the year than they are today. But I expect longer term rates to be up only marginally, as short-term rates rise more rapidly, resulting in a more nearly flat yield curve than we now have.

No Bond Speculation Present

This forecast of interest rate movement during the early stages of business recovery presents a picture that is in sharp contrast with the performance of interest rates during the early months of recovery in 1958. But it is important to remember that circumstances are much different today than they were at that time. By May and June 1958, a tremendous speculative position in bonds had been built up in expectation of further price advances. This speculative position was financed largely on short-term credit and, when it became evident that prices had begun to turn lower, it became necessary for the speculative position to be liquidated. The liquidation of weakly-held bonds in the summer of 1958 was the principal reason for the sharp increase in intermediate and long-term rates of interest at that time.

There is absolutely no evidence of any sizable amount of speculation in bonds at this time. Also, the Treasury was a much larger borrower in 1958-1959 than it is

likely to be during this next year. And, as discussed earlier, the Federal Reserve System for various reasons will find it less necessary to move promptly in imposing credit restraint than was the case in our last recovery. Finally, it should be pointed out that interest rates during this recession have not fallen to nearly as low levels as in 1958, so that the swing-back may be proportionately less pronounced.

Bank Liquidity Improved

This account of the reasons for expecting a gradual and moderate increase in intermediate and longer-term rates of interest in the imminent business recovery would not be complete without reference to another important factor. In the first half of 1958, commercial banks added massive amounts to their holdings of intermediate maturity bonds in an effort to protect income in their portfolios. In doing so they severely reduced their liquidity. Consequently, as it became necessary for banks to sell from portfolio to take care of customer loan requests, a major part of the selling was in intermediate maturities —often at big losses for the banks. Banks have learned their lesson and in this recession have improved their liquidity. Moreover, a good many banks have gone to the opposite extreme and have moved virtually their entire portfolio into short maturities, planning to move out again as interest rates increase. If the amount of this built-in demand for intermediate bonds at somewhat higher yields is as large as there is reason to think it is, the astute portfolio management of these banks might prove to be self-defeating. I am not entirley sure what moral one should draw from this. But it does at least suggest an important dampening influence upon upward interest rate movement.

I am tempted to extend my interest rate forecast beyond the early months of recovery that we anticipate during the balance of 1961. Subject to all the qualifications and reservations that such a long-term forecast requires, I predict that interest rates in the coming recovery will not approach the high levels reached toward the end of 1959. I do not believe that we will see another 5% Treasury obligation for a good long while, if ever we see one again. In fact, I would be rather surprised if rates of interest on longer term Governments were at any time to go much about 4¼% during the next prosperity period. There are many reasons back of this forecast, but it rests essentially upon a conclusion that the potential flow of funds from current savings has now caught up with potential demands for capital funds, ending the upward trend in interest rates that has existed since the end of the Second World War.

Explains Bills Only Departure

A discussion of the problems for monetary policy in 1961 would not be complete without at least passing reference to the recent abandonment of the "bills usually" policy by the Federal Reserve System. Now that we have had a full month of experience with the new policy of operations in all sectors of the market, it is perhaps possible to attempt a clarification of the intensions and implications of the new operating procedures. It seems reasonably clear that the Federal Reserve decided to extend its open market operations beyond the one-year maturity area principally in the hope that such operations might help in meeting its obligation to the domestic economy while minimizing harmful effects upon our balance of payments. The Federal Reserve System wished to make money and credit easier without driving short-term market rates of interest lower, and it was at least possible that these dual objectives might be promoted by staying away from the short-term market when it was necessary to purchase securities to supply reserves. Viewed in this way, the change in open market operating policy is but one of a series of actions having the same purpose — i.e., the reliance upon changes in reserve requirements and vault cash to supply reserves last fall. Of course, one part of the intended easing in money and credit was the wish to bring longer term rates of interest a bit lower as a means of encouraging increased demands for long-term funds. But I submit that it is erroneous to list a desire for lower longer-term rates as the principal reason for the change in Federal Reserve operating practices. The principal reason appears to me to be much simpler — the wish to supply bank reserves through open market operations that would be less likely to have an immediate downward impact upon short-term rates of interest than would purchases of Treasury bills.

Predicts Future Open Market Policy

Now that the Federal Reserve System has shown that it will operate in the longer sectors of the Government securities market when operations outside of the short-term area appear to be best adapted to achieve a particular policy objective, what may we expect in the future? *First*, I would expect the Federal Reserve to return to principal reliance upon bills in its open market operations after the balance of payments pressure is lifted, but I would also expect the Fed to continue to buy or sell intermediate maturities from time to time when that is the most convenient method of supplying or withdrawing reserves. *Second*, I would not expect the Federal Reserve to attempt to prevent an upward adjustment in intermediate and long-term rates later this year, when that adjustment is the result of growing credit demands stimulated by an expanding economy. *Third*, I think it is possible that the Federal Reserve System might at some time employ sales of bonds as a means of driving long-term rates higher, if such action were to be called for as a means of checking an inflationary capital investment boom.

The Government securities market has adjusted rather easily to the new Federal Reserve operating policy, and there has been no evidence of the lessened "depth, breadth and resiliency" that some people had feared. By and large, the market understands that the Fed does not intend to peg any level of rates and that it will not attempt to force a "rigged" pattern of rates on the market. There is absolutely no reason to believe that its operations outside the short-term area will not be guided by the same discretion and respect for market institutions that have characterized its open market operations over the past several years.

The market, both investors and dealers, should have no difficulty learning to live with the Federal Reserve in its new policy. What is most important is the possibility, suggested by several studies of monetary policy in this country and abroad, that the new policy may lead to new techniques in central banking that could greatly increase the effectiveness of monetary policy. So long as this is a possibility, it seems to me that bankers, dealers and other businessmen should give sympathetic support to the Federal Reserve System in its willingness to try new techniques to do a better job.

*An address by Mr. Gaines before a meeting of the National Industrial Conference Board, Houston, Texas, March 21, 1961.

Cold War Is Developing Into a Dangerous Industry

By Roger W. Babson

Optimistic investment advisers and investors are brought up sharply against the fact that the roar in the "Roaring Sixties" can come from enthusiasm or from panic. Mr. Babson suggests storing cash now for eventual use when it is in great demand. Fearful that the cold war is responsible for the stock market's bullishness, the financial writer warns this is a dangerous limb upon which to depend. He predicts wage and price freeze measures will be employed to combat the present contentment with the cold war with its spiraling wage and upward price level trend.

Unfortunately, the "cold war" is developing into a dangerous industry. Too many voters are directly or indirectly making money on it.

I am ashamed to say that many people are learning to like this "cold war." Even labor depends upon it for employment and employers feel it necessary for profits. They dreaded the "cold war" at first—but now are getting used to it and even depending on it. Surely if the cold war should suddenly stop, there would be a great increase in unemployment. This is feared not only by those now out of work, but also by employers who are benefiting from subcontracts and forced sales. Talk with Dun & Bradstreet if you think I am overly fearful; or watch the "markdown" advertisements in the Sunday newspapers.

Most of the active stocks listed on the New York Stock Exchange are counting upon the "cold war" to continue. This is a dangerous limb upon which to depend. Investment counselors warn that temporary market declines are to be expected as a "necessary correction or readjustment," but they continue to be fundamentally bullish and look for even higher prices after the "corrections" are completed. They may be right for a while; but the Law of Action and Reaction which Sir Isaac Newton enunciated back in the 17th Century still holds good.

Even President Kennedy and his White House advisers see the dangerous paradox in the present situation of "getting used to the cold war." Surely, full employment depends now on continuation of the cold war. This is resulting in a new attitude on the part of both conservatives and Liberals, Republicans and Democrats. It has become as popular as cocktail parties. No one yet has had the courage to check it.

It now looks as though the only way to combat the present contentment with the "cold war"—with its spiraling wage and upward price movements—will be through the arbitrary "freezing" of both wages and prices. This is the first step toward making President Kennedy an economic dictator . . . which I expect to see. He is now preparing the ground for such a move by appointing so many of his family and intimate friends to important posts. Watch his future moves.

Another movement to watch is the John Birch Society, which has "Americanism" of the DAR type as its watchword although it favors a semi-dictatorship for the nation. It is named after John Birch, who was a Christian missionary in China and later fought with the Nationalist Chinese in their war against the Japanese. Birch was promoted to a captain and worked in the Intelligence Division under General Chennault. On Aug. 25, 1945, Birch was killed by the Chinese Communists. The present national leader of the society is a neighbor of mine, Robert Welch, of Belmont, Mass. Frankly, he is fighting for our return to a Republic and away from Democracy, which Mr. Kennedy probably also thinks is the only way to win the "cold war."

Surely distressed property is coming on the market someday, regardless of the forecasts being made by optimistic investment advisers. The safest way to make profits is to render service. No investor can render service now by climbing to buy stocks, bonds, real estate, or commodities. The way to render service is to store up cash now and be prepared to use it when it again is in great demand.

The first group to "feel the pinch" are the country banks. When borrowers fail to pay their notes, then we know the turn downward is coming. The "Roaring Sixties" can roar from two causes—from *enthusiasm*, or from *panic*. Anyone who has lived on a ranch with cattle, hogs, and other livestock has seen his stock roar when frightened and look for a hole in the wall to get out through! I agree we are entering the "Roaring Sixties," but as to the reason for the "roaring" perhaps many are now being fooled.

Salomon Brothers To Admit Homer

Sidney Homer has been admitted as of April 1 as a general partner to the firm of Salomon Brothers & Hutzler, 60 Wall Street, New York City, members of the New York Stock Exch., it is announced.

Sidney Homer

Mr. Homer will be in charge of the analysis of money market and bond market trends and their relationship to institutional investment problems. Included in his responsibilities will be publication of the firm's studies in these fields.

Since 1945, Mr. Homer has been manager of the institutional and bond departments of the New York office of the investment counsel firm of Scudder, Stevens & Clark where he has assisted in the management of institutional portfolios. During World War II, he was with the Foreign Economic Administration in Washington. For ten years prior to the war, he was President of Homer & Co., Inc., dealers in high-grade institutional bonds. At that time, he began to publish a series of studies on interest rates and bond market trends, the historical aspects of which will be contained in a book to be published next year by the Rutgers University Press. He is now serving on the advisory committee to a new interest rate project undertaken by the National Bureau of Economic Research.

He began his financial career with the Equitable Trust Co. of New York. Late in the 1920's he became manager of the bond department of Gilbert Eliott & Co.

Manipulating Central Bank Rate for Political Purposes

By Paul Einzig

The Conservative Party is charged with the first flagrant instance of misusing the Treasury's control over the Central Bank. Dr. Einzig flays the attempt to make the bank rate the scapegoat for not rectifying the balance of payment disequilibrium instead of the failure to implement the rediscount rate with concomitant measures. What was not put into effect, Dr. Einzig points out, was a forward exchange policy discouraging to the influx of "hot money" and a contraction of domestic credit expansion. The result of this, according to Dr. Einzig, was the sacrifice of his country's fundamental interest so that the Conservative Party could make political use of the misleading impression of a surfacedly strong sterling and increased gold reserves.

LONDON, Eng.—Ever since the publication of the Radcliffe Report on the working the British monetary system it has become fashionable to denounce the device of Bank rate changes as being useless in present-day conditions. Various writers pointed out recently in support of this contention that in 1960 the high Bank rate in Britain was unable to put right the balance of payments or prevent an acceleration of the wage spiral. This incontestable fact is produced as a conclusive evidence in support of the argument that it is pointless to raise the Bank rate in order to correct a disequilibrium.

Charges Incompetence

Nothing could be further from the truth. The reason why the high Bank rate in Britain last year was unable to prevent a deterioration of the balance of payments position and to check the rise in costs lies in the almost unbelievable degree of incompetence of the British authorities in formulating their monetary policy. And even this is the more charitable explanation of the blunder of 1960. An alternative explanation is that in an effort to convey the outward appearance of strength in support of Conservative Party propaganda the authorities have sacrificed the genuine interest of the country.

It was because the high Bank rate attracted a large amount of "hot money," resulting in a considerable increase in the gold reserve in spite of the balance of payments deficit, that the high Bank rate utterly failed to put right the British economy. The psychological effect of the heavy influx of gold was unwarranted optimism stimulating wage demands. Its material effect was that there was no adequate credit contraction to damp down the domestic economy and check the rise in costs and in imports. High Bank rate is almost entirely useless unless accompanied by a corresponding contraction of credit. It is futile to raise the Bank rate to crisis level and keep it there most of the year unless it is allowed to produce its natural effect on the volume of credit. This effect was prevented by the heavy influx of funds.

The reason for the influx of hot money was that, although forward sterling was at a discount throughout the year, its discount was not sufficient to offset the difference between interest rates in London and New York. Throughout the year it was possible to transfer money from New York to London with the exchange risk covered, because the operation left a profit of between one and two per cent per annum.

A persistent over-valuation of a forward exchange of such an extent during such a long period is abnormal and unnatural. Even in the absence of complete evidence it is permissible to wonder whether the British authorities intervened during 1960 to cause an artificial over-valuation of forward sterling in a deliberate effort to attract "hot money" in order to convey an impression of a strong sterling and to prevent the adverse balance of payments from producing its normal effect on the gold reserve.

Even if this charge is unfounded, the British authorities incurred grave responsibility for having failed to intervene in the opposite sense. By selling forward sterling persistently they could have kept the forward rate at a level at which an influx of funds through covered interest arbitrage would not have been profitable. They could not even plead ignorance of this device since in the evidence given by the Treasury and the Bank of England before the Radcliffe Committee they showed themselves aware of its existence. Nor could they plead that such intervention would have been costly. Provided that the forward rate had been kept at a figure representing the differential between British and American Treasury Bill rates, they would have cost nothing.

Suspects Deliberate Policy

It may well be asked why there was no such intervention to prevent the effects of the high Bank rate from being nullified by the influx of hot money. It is impossible to escape the impression that it was a matter of deliberate official policy to camouflage the weakness of the balance of payments and to produce a deliberately misleading impression of strength through an apparent increase of the gold reserve. The popular slogan of the Conservative Party, "We have never had it so good" was sought to be justified by such means, even though this policy frustrated the effort to correct the balance of payments.

When the Bank of England was nationalized in 1946 fears were entertained that it might be used by a Labour Government for furthering Socialist Party political ends. Little did we expect at the time that a Conservative Government would be responsible for the first flagrant instance of misuse of the Treasury's control over the Central Bank. So long as the Bank was in private hands it would never have lent itself to such misuse. Although the sympathies of the merchant bankers who controlled its destinies before its nationalization were entirely on the side of the Conservative Party, in spite of this Montagu Norman raised the Bank rate to crisis level in 1929, a few months before the General Election, much to the detriment of the electoral prospects of the Conservative Government in office.

In 1960 the nationalized Bank of England allowed itself to be used in accordance with the requirements of party political propaganda, even though it was in conflict with the fundamental interests of the country. Whether the role of the authorities consisted of taking deliberate action to encourage the influx of "hot money" or merely of abstaining from taking action to discourage that influx, they are open to censure. The difference is merely one of degree.

It is no use blaming the Bank rate for being ineffective. It could have been made thoroughly effective by preventing it from attracting hot money. This would have enable the policy of a high Bank rate to produce its effect on the domestic economy and on the balance of payments. Owing to the large size of funds available in our days for interest arbitrage operations, a Bank rate policy is likely to remain ineffective in many situations unless it is supplemented by a forward exchange policy.

It would be deplorable if the wrong conclusion inferred from the British experience of 1960 were generally accepted. Those who quoted that experience in support of their argument that in our days Bank rate increases are useless are entirely mistaken. The correct conclusion is that Bank rate increases are useless unless they are prevented from attracting a flood of "hot money" by the device of forward exchange policy.

Complete Puerto Rico Bond Sale

Roberto Sanchez Vilella, Secretary of State of the Commonwealth of Puerto Rico (center), accepted a check (March 29) from Delmont K. Pfeffer, Senior Vice-President of The First National City Bank (right), acting on behalf of an investment banking group headed by The First National City Bank, Chemical Bank New York Trust Company, Morgan Guaranty Trust Company and Ira Haupt & Co., which recently marketed a $40,000,000 bond issue of the Commonwealth of Puerto Rico. John De Milhau, Vice-President of The Chase Manhattan Bank, is shown at left.

McDonald Named To Sm. Bus. Bd.

WASHINGTON, D. C.—Harry A. McDonald of Washington, D. C., Investment Counselor and former Chairman of the Securities and Exchange Commission, has been elected to the Board of Directors of Allied Small Business Investment Corporation, G. W. De Franceaux, Allied President has announced.

Harry A. McDonald

Mr. McDonald was one of the founders of McDonald-Moore & Co., a Detroit brokerage firm. He served as Senior Partner of this firm until his appointment as a member of the SEC in February, 1947. He was SEC Chairman from November, 1949 to January, 1952. He then became Administrator of the Reconstruction Finance Corp. serving in that capacity until May, 1953.

Salomon Brothers Lengthens Name, Adopts Trademark

Two steps are being taken by Salomon Brothers & Hutzler, 60 Wall St., New York City, members of the New York Stock Exchange, to modernize and improve its corporate identification. After 50 years, the nationwide investment banking firm is eliminating the abbreviation of "Bros.," and it is adopting a modern trademark design.

The new trademark features a stylized design of the initials "SB&H" integrated into the spelling of the full name. The design was created by Bradbury Thompson, artist, specialist in trademark designs, and a visiting critic at the Yale University School of Art and Architecture.

Salomon Brothers & Hutzler opened for business in May, 1910, when Arthur K., Percy F. and Herbert Salomon formed a partnership with Morton D. Hutzler, a member of the New York Stock Exchange. Since the firm's founding, a member of the Salomon family has been active as a partner, and the family is currently represented in the partnership by William R. Salomon, son of Percy. Benjamin J. Levy, senior partner, joined the firm on opening day, became a partner in 1919 and senior partner in 1951. The firm presently employs approximately 400 people, located in offices in New York, Boston, Philadelphia, Cleveland, Chicago, San Francisco, Dallas, and West Palm Beach, Fla.

With Richard Kohn

NEWARK, N. J. — Richard E. Kohn & Co., 20 Clinton St., members of the New York Stock Exchange, have announced this week that the following have become associated with them: Mrs. Patricia Janis Broder of Springfield; Ronald Brenner of Bloomfield; Donald Slonim and Pelligrino Rossi, both of Newark; and Murray C. Bloomenfeld of Short Hills.

Mrs. Broder, who is in the firm's South Orange office, has been a registered representative with A. M. Kidder & Co., Inc. and Thomson & McKinnon.

Dawson V. P. of Albert Frank-Guenther Law

CHICAGO, Ill.—The election of John R. Dawson of the Chicago office of Albert Frank-Guenther Law, Inc. as a Vice-President of the national advertising and public relations agency has been announced by Howard W. Calkins, Chairman of the Board.

Mr. Dawson has been an advertising account executive in AFGL's Chicago office for the last 15 years.

He is the third generation of his family with a combined 82 years of service with the 89-year-old agency, whose headquarters are in New York City. R. W. Dawson, his father, also a Vice-President, has been with Albert Frank-Guenther Law for more than 45 years and his maternal grandfather Willard A. Record, opened the Chicago office in the early part of the century.

I. R. E. Estates Names

LEVITTOWN, N. Y. — The appointment of Milton Weinberg as Vice-President of I. R. E. Estates Corp., 3000 Hempstead Turnpike, has been announced by P. Gerald DeSimone, President of the firm, which is engaged in individual and family financial planning, primarily in the areas of life insurance, Investment Programs and the combination of both.

F. L. Turgeon Forms Co.

BOSTON, Mass.—F. L. Turgeon Associates, Inc. has been formed with offices at 31 Milk Street to engage in a securities business. Officers are Frank L. Turgeon, President and Treasurer; Charles H. Morin, Secretary. Mr. Turgeon was formerly with Shearson, Hammill & Co. and G. H. Walker & Co.

Effects of Slowed Growth in Commercial Banking in '60s

By Paul S. Nadler,* *Rutgers University, School of Business Administration, Newark, N. J.*

Slower commercial bank deposit growth, faster deposit velocity, sizable growth of open market paper to avoid bank borrowing, increased liquidity and marketability of municipals, and entry of non-banking financial institutions into bank credit are some of the prospects drawn by Rutgers economist. What banks can do about this gloomy picture of declining financial role is set forth by Dr. Nadler. By way of counter measures, banks are expected to increase their services and to press for: a higher loan to deposit ratio, the channeling of time deposits into business loans, the lifting of Regulation Q's ceiling rate, and the removal of competitors' tax advantage. Unless banks can effect major tax and regulatory changes they will have to stress services, according to Dr. Nadler who contemplates new credit role, and more non-bank credit control, should banks play a less important part in the economy except during recessions.

If the trends emerging in the late 1950's and in 1960 are not reversed by marked changes in economic conditions or tax and regulatory policy, the commercial banks will not be able to play as important a role in financing the 1960's as they have done in years past. This conclusion is based upon the expectation that in all years except those of recession, bank deposits will continue to grow at a slower rate than the growth of the Gross National Product.


Dr. Paul S. Nadler

With the commercial banks thus not able to expand as fast as the economy in general, other financial institutions and instruments will expand in activity and function to fill the gap. These trends of change are already developing and appear bound to become intensified in the new decade. With them will come important implications for the economy at large, the banking system, and the money managers.

I

Assumptions

(1) It seems fair to assume that the expansion of bank deposits will not be hindered by a shortage of bank capital or of gold backing for the increase in the deposit liabilities of the Federal Reserve that bank deposit expansion will require. The banks will be able to increase their capital as necessary through new stock sales and retention of earnings, while the Congress will allow the national gold stock to back more money than is legal at present if a shortage of gold becomes a roadblock in the way of sound economic growth.

(2) It is further assumed that no major war will develop nor any other force leading to a drastic increase in Federal expenditures. This implies that the private economy will be growing enough without government help to obviate large scale deficit financing to buoy up economic activity. If this proves true, the Federal debt will continue to grow at a slower rate than the Gross National Product. This assumption also reduces the likelihood that in the future the monetary authorities will have to provide the banks with enough reserves to buy large volume of government obligations when other investors do not want them. Thus the rapidity of the growth of demand deposits will not be dictated by the needs of debt management but rather by the monetary requirements for sustainable economic growth, as determined by the Federal Reserve.

(3) It is also assumed that no basic change will be made in the Federal Reserve Act, that the Reserve Board will remain free of politics, and that quantitative credit controls will remain, with sound debt management and fiscal policy, the main means of stabilizing the economy and fostering economic growth. This assumes that no new controls will be imposed on the economy or the financial intermediaries.

Dubious About Inflation's End

(4) It is further assumed that, while there will be no rampant inflation, inflationary pressures will remain a potential threat during the decade.

This particular assumption is likely to be strongly contested by those who feel that the great productive capacity and intensified competition now in evidence have sharply reduced the potential danger of inflation. But it is this writer's opinion that the problem of inflation has not been eliminated for the following reasons:

(a) There are strong "cost push" forces built up by the bargaining strengths of labor unions and large business firms that prevent price reductions from becoming widespread.

(b) The Federal Government has not been willing to develop the budgetary surpluses in years of good business necessary to offset the deficits of recession years and make fiscal policy an effective weapon for economic stability.

(c) The service industries are becoming increasingly important in the economy. Yet productivity in this sector is advancing far too slowly to offset the wage increases demanded by service industry workers. Thus prices of services should continue to rise steadily.

(d) Strong political pressures for government support of industries whose price structures are weakening are also bringing reduced downward price flexibility.

(e) These factors plus the government's obligation to stimulate economic activity whenever appropriate under the Employment Act of 1946 add up to the conclusion that inflation will remain a problem in the 1960's.[1]

Fed to Continue Restraint

If this is the case, the Federal Reserve will have to continue the restraint on demand deposit growth that has kept the money supply from growing as fast as the economy through the 1950's despite the marked increases in demand deposits allowed in recession years.[2]

Since 1950 the growth of savings and time deposits has been the main means by which commercial banks have expanded their total loans and investments at almost as rapid a rate as the rise in GNP. This has been accomplished by a gain of over 80% in time savings and deposits since 1950 and only a 21% advance in demand deposits, against the GNP's increase of under 80%. The lowering of reserve requirements and the reduction of excess reserves and vault cash have also been reasons why bank credit extensions have been able to remain at approximately 37% to 38% of Gross National Product annually.

But it is doubtful that the growth of savings and time deposits will continue to offset the failure of demand deposits to expand as fast as the GNP during the 1960's. First, statistics compiled by the Federal Reserve Bank of New York show that the growth of time deposits since 1945 has been seven times as rapid as that of savings deposits.[3] Since time deposits are more volatile than savings deposits, the funds are more prone to move from banks into direct investments when higher yields are available in the open market. Thus if credit restraint is necessary during the decade to prevent inflation, the sophisticated investors who hold time deposits are likely to place their funds elsewhere through much of the period.

If Regulation Q is not changed and the banks are limited to paying a maximum of 3% on time deposits, in the face of higher open market rates, time deposits have little chance of growth. But even if Regulation Q is altered and the banks are allowed to pay higher interest rates, there is a question still whether time deposits can grow. First of all, even with bank lending charges rising, the banks' expenses of operation are rising too, as they are becoming more and more service institutions. This in itself limits the amount of interest that can be paid on time deposits to attract funds from the open market.

In addition, banks may be reluctant to raise interest rates on time deposits, as this would be noticed by the general public, and rates on savings deposits might well be forced up too.

In addition there are many banks that hesitate to accept time deposits at all, as they feel corporations that hold time deposits may decide that they have need for far smaller demand deposit accounts.

It must be added, however, as will be shown below, that while under present regulations and attitudes time deposit growth should not be large in the 1960's, this is one area in which active efforts by the commercial banks could do a lot to help stem the present trend toward slower deposit growth.

Declining Savings' Share

The picture on savings deposits is by no means this optimistic. Since 1950 the commercial banks' share of total savings deposits in the nation (including time deposits) has dropped from 51% to 40%, while savings and loan associations have increased their share from 20% to 37%. It must also be remembered that the competition for savings deposits has only become intense in the last half of the decade. In the 1960's, moreover, it appears as if the credit unions too will be an ever more important factor to reckon with and could well take a sizable share of savings for themselves.

Thus unless the tax laws and regulations which now place commercial banks at a disadvantage in attracting savings are modified the commercial banks' share of savings deposit growth appears unlikely to continue to compensate for the slow growth of demand deposits.

Already in boom years such as 1959, growth of bank savings and time deposits has been only half as fast as the growth in the Gross National Product. During the 1960's, except in years of poor business conditions, this inability to match the growth of the economy is likely to become the rule of commercial bank deposit growth.

With both demand and time deposits growing in all but recession years at slower rates than the Gross National Product, there is a real question as to how the 1960's will be financed. A quick overall answer would be that the financing of economic growth will be achieved by the continued growth of the use of near money and the increased velocity of available demand deposits that this entails. This makes the problem less severe than it might at first appear.

But even so, it must be remembered that the demand for bank loans will remain high, as many smaller business firms do not have the credit standing necessary for tapping the commercial paper market or otherwise finding alternatives to bank borrowing. In addition, with the demand for consumer credit expected to rise sharply in the decade, further pressure for bank credit accommodation will develop.[4] Thus the slowed growth in the rise of bank deposits will definitely necessitate adjustments in financial practices, alterations in the structure and function of financial institutions, and other effects that will be of importance to the economy, the commercial banks, and the monetary authorities.

II

Implications for the Economy

One of the most important developments that should occur if the assumptions of this paper prove true is that the spread between open market interest rates and bank credit charges will continue to be wider than was the case in the 1950's. This might develop through higher direct bank charges for loans relative to open market interest rates or more likely it may come in the form of higher compensating balance requirements.

This trend has emerged, as bank charges have been far less sensitive on the downward side than open market rates due to the relative strength of loan demand in the face of a sliding economy. With deposit growth expected to be relatively slow in the 1960's, the banks should feel the pressure of loan demands even more strongly as the economy grows. Thus the disparity in interest rates between bank charges and open market rates should remain wider than in past years.

Open Market Paper to Grow

With the disparity in interest rates should come an intensification of the growth in the use of commercial paper and bankers acceptances as a source of funds by those companies able to utilize these instruments. Already in August 1960 the volume of commercial paper outstanding reached an all-time record, while the volume of acceptances outstanding in

Continued on page 34

1 See, for example, *The Wage-Price Problem* by John M. Clark.

2 Recent studies, such as the Radcliffe Report, indicate the liquidity of the economy rather than the total money supply determines the amount of spending that can take place. As a result, much study has been directed toward finding means of regulating liquidity through such means as controlling the investment policies of the financial intermediaries. As it is impossible to predict whether increased controls over the intermediaries will be enacted, it must be assumed that the status quo will remain. This leaves the Federal Reserve with no alternative but to use its available weapons and restrict bank credit expansion in booms in order to offset the growth of near money and liquidity. In recessions, its approach has been to use caution in letting bank deposits expand, as otherwise such liquidity would be built up that credit restraint would be much harder to make effective in the next boom.

3 "Time and Savings Deposts at Member Banks," *Monthly Review*, Federal Reserve Bank of N. Y., July, 1960.

4 Predictions of consumer credit outstanding in 1970 range from the $84 billion figure of J. Andrew Painter, Vice-President of the First National City Bank of N. Y., to the $107 billion total predicted by Arno H. Johnson, senior economist of J. Walter Thompson Co.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks in general continued to consolidate their 1961 gains this week, neither the industrials nor the rails inclined to give much ground when profit-taking was around.

The technical indications were all favorable, including a rather sharp contraction in volume and in market breadth, as the uncertain price action took over. From a normal pace of five million turnover-plus, the trading dropped to where it just held above four million. The number of issues that dotted the tape, which had been running above 1,300 per session, was down by half a hundred on occasion.

Balanced Gains and Losses

Despite the lack of upward momentum that has kept March from being one of spectacular gains such as were posted in January and February, there was a fairly good balance between plus and minus signs on most days and new highs continued to hold an impressive lead over the few new lows that showed up.

It was mostly a case of the buyers resting on the sidelines without too much selling to be absorbed. For some individual favorites, the general market lethargy meant nothing and they continued to soar higher on multipoint gains.

Although there was no surprise element to its stock split, Mergenthaler was able to tack on 14 points in only two sessions just before the stock split became effective. That gave the old shares the distinction of selling at their all-time peak in their final appearance on the tape.

Split news, which basically does nothing to benefit the stockholder, continues as one of the more effective actions to help a stock along and Lane Bryant was swept to a peak in a rush when it announced a three-for-two division plan. Prior to the runup, the issue had held in less than a 10-point range so far this year.

More Split Candidates

There were other stock split candidates in action, too. Lehn & Fink, Revlon, Hershey Chocolate, Beckman Instruments and Atlas Powder, all selling above 100, were the wide-ranging items in part because of their split hopes.

Defense issues were swayed both ways when a new military budget was submitted which dropped the stress on some plane-missile items and stepped up the accent on others. That sent such as North American Aviation and Martin into the minus column in a rush while Boeing and Lockheed were able to do better market work simultaneously.

Chemicals were on the easy side as forecasts abounded of tough times still ahead in this industry. Some of the food items that have had a long run were a bit heavy at times as profit-taking moved in, but about all it did was to send the buyers of food stocks scurrying into other issues in the group that hadn't enjoyed such pinpoint popularity.

Food Retailers Favored

The food retailers, which have been a bit neglected recently, were favored somewhat widely as issues that should benefit from some new attention. The supermarket chains, through greater efficiency as they grew rapidly in the last decade, had their big profit runups in the 1950s with the market adequately reflecting this improvement.

Then came their siesta although it is virtually certain that they have yet to reach the end of their growth pattern, what with an expanding population to feed, more efficiency to be engineered and new lines to be added to the old ones.

Jewel Tea for one was able to jump into the spotlight on occasion, although profit-takers were quick to move in when it did come to life. This chain is a somewhat different one than most in that it is still concentrating on the Chicago area with all of its 285 stores located within a radius of 150 miles of that city. But it also operates a distribution system in 38 states, and Jewel branched out somewhat early this year by acquiring a midwestern drug chain. This concentration by Jewel enables it to stand out as one of the most efficient of the chains.

Great Atlantic & Pacific, in sharp contrast, operates a mammoth 4,300-store chain spread over 37 states and Canada. Against some of the other chains, A. & P.'s profit margin is on the low side since it has been a long continued policy of the company to stress value to the consumer at the expense of its profit margin. So A. & P.'s growth comes through new stores and the possibility of improving its profit margin gradually. It also stands to benefit from adding non-food lines which the chain has been slow to do in comparison with its competitors.

A Good Value in Tobacco Field

Another issue that has been on something of a vacation after having served well as a market skyrocket, if not as the stock of the year in 1958, is Lorillard. The company itself freely admits in its annual report that the current era is one during which it is consolidating its gains.

Lorillard also had a respite in earnings growth last year. But, as its followers point out, that was thoroughly in order since the company largely in introducing Kent cigarettes and pushing them to high standing among the popular brands had doubled its sales and increased earnings six-fold in the previous three years.

With the play at least temporarily over, Lorillard still stands out as one of the high-yield items around with an indicated return of 4.7% which is well above average. The payment is covered nearly twice over by its indicated earnings and the growth potential is still there, particularly in supplying more of its own packaging needs through its Federal Tin Co. subsidiary which only recently entered the paper carton field.

Far-Flung Company

Automatic Canteen has, on occasion, joined in when investor attention focused on the fast-growing field of automatic machine selling. Automatic's standing as the largest factor in the dispensing field somewhat obscures the fact that in the last decade or so it has grown into a complex organization at a near-hectic rate.

The expansion of Automatic Canteen started in 1944 when it went into manufacturing. Then it added Automatic Music, Nationwide Food Service, Commercial Discount and Hubschman Factors to expand and finance its products. More recently were the addition of A. B. T. Mfg. to put it into the bill changing field, and a decision to make plastic cups to serve its own vending machines. On top of this it is busily expanding overseas.

Rapid strides were made with this backing, sales growing from around $6.5 million in 1940 to $23 million in 1950 and $173 million last year. Marketwise, Automatic Canteen's last big splurge was in 1959 at the time of its last split. Last year the new shares were at 52, against a peak of 56 prior to the two-for-one split of 1959.

But this year Automatic's market history has been mundane. The shares had held in a range of about 34 to 45 without seriously challenging the old high despite general market enthusiasm for vending machine items. The breakthrough to win a standing on the new highs lists came this week. But it would appear to be an issue in the group that hasn't been carried away by any excessive enthusiasm so far.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Morgan, Ragen Dominick Partners

John A. Morgan and L. Brooks Ragen have been admitted as general partners of Dominick & Dominick, 14 Wall Street, New York City, effective April 1, it was announced by A. Varick Stout, senior partner of the New York Stock Exchange member firm. Mr. Morgan, who has been associated with the firm since 1956, is a member of the buying department and a Vice-President of Dominick & Dominick Inc., the underwriting affiliate of Dominick & Dominick.

John A. Morgan

Mr. Ragen, a Portland, Ore., investment banker for the past 30 years, and for the past 17 years associated with Foster & Marshall, in that city, will be partner in charge of the Dominick & Dominick Portland office, 400 S. W. Sixth Avenue.

Norman Adams Opening Own Co.

LOS ANGELES, Calif.—Norman J. Adams, financial economist, is forming Adams & Company, as of April 8, with offices at 5455 Wilshire Boulevard, to act as dealers in securities specializing in portfolio analysis, investment research, and business acquisitions. Mr. Adams has recently been with Keon & Co. as director of research. Prior thereto he was with Arthur B. Hogan, Inc., Hayden, Stone & Co., and Daniel Reeves & Co.

Hornblower & Weeks Opens San Fran. Branch

SAN FRANCISCO, Calif.—Hornblower & Weeks has opened a branch office at 400 Montgomery Street under the direction of John H. White Jr.

David T. Gillmor, Jr. will also be associated with the new firm. Mr. Gillmor was formerly with Kidder, Peabody & Co., and prior thereto was in charge of the San Francisco office of National Securities & Research Corporation.

Named Director

TORONTO, Canada — Richard C. Ernst, President of Bloomingdale Properties in New York City, has been elected a Director of New York Capital Fund, Ltd. at the Special General Meeting of Shareholders held in Toronto.

The election of Mr. Ernst increases the Board of Directors of New York Capital Fund, Ltd. from 11 to 12 members.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The U. S. steel industry made more steel and less money in 1960 than it did in 1959, *Steel* magazine says in its April 3 issue. Ingot output was up 6.2%, but net profit was down 3.6%.

Its estimate of $827,612,000 for 1960 net profit is based on the performance of 34 companies accounting for 95% of the nation's ingot capacity.

The metalworking weekly attributes the decline in profit to several factors:

(1) A drop of 1% in net sales and revenues — $14,449,000,000 in 1960 vs. $14,598,000,000 in 1959. (Or a net profit of 5.7 cents of each sales dollar in 1960 vs. 5.9 cents in 1959.)

(2) An increase in costs (such as for labor and interest on debt).

(3) The problem of bringing down operating expenses as fast as demand and production fell through the year.

The contraction in the intake of sales dollars reflects two things: Demand shifted to lower profit items; and some companies took competitive measures (such as waiving of certain price extras and absorption of freight charges) to get business.

The drop in dollar volume of sales and net profit cut the Federal government's take in income taxes 5%. In 1960, the government got about $792,000,000; and, in 1959, $835,400,000.

The industry's net worth: $10,779,000,000 in 1960 vs. $10,524,000,000 in 1959.

More capital is invested now in the steel industry than ever before. The industry's investment approximated $13,350,000,000 in 1960, a 3% increase over 1959's $12,943,000,000.

Because more people (2.2%) were employed in 1960 and costs of labor rose, employment expenditures were pushed 6.4% above those of 1959.

Recent expenditures on plant and equipment have been aimed at improving efficiency. The industry's outlay for new equipment and construction was an estimated $1,480,000,000, second highest on record. Long-term debt rose 6.3% because of increased borrowing for plant improvements.

For the first time, over one million people hold common stock in steel companies. The gain stems partly from stock splits and partly from the issuance of additional stock through stock option and stock purchase plans for employees.

The increase in the number of shares of common stock and a decline in net earnings of 34 companies lowered the net income per common share to $3.35 in 1960 vs. $3.55 in 1959.

Of 34 companies, five did not pay dividends on common stock in 1960, compared with three in 1959. Fifteen companies paid the same rate as they did in 1959; 12 raised dividends, and two lowered them.

The industry's tendency to eliminate preferred stock continues. Valuation of preferred shrank 1.7% in 1960, and the number of holders declined 1.6%.

Bank Clearings Show 12.3% Rise Over 1960 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 25, clearings for all cities of the United States for which it is possible to obtain weekly figures will be 12.3% above those of the corresponding week last year. Our preliminary totals stand at $28,720,174,306 against $25,569,054,587 for the same week in 1960. Our comparative summary for the leading money centers for the week follows:

Week Ended March 25—	(000s omitted) 1961	1960	
New York	$15,671,881	$13,269,785	+18.0
Chicago	1,298,034	1,163,811	+11.5
Philadelphia	1,200,000	1,139,000	+ 5.3
Boston	889,054	813,179	+ 9.3

Capital Outlays by Metalworking Companies Moving Upward

New plant and equipment spending by metalworking companies is starting to show signs of a comback, reports *The Iron Age*.

But any strong upsurge in capital goods spending will not take place until the second half of the year.

These conclusions are drawn from a fourth-quarter 1960 survey of new capital appropriations by 38 industries in metalworking. The survey is conducted for the magazine by the National Industrial Conference Board.

Since appropriations lead actual expenditures by six months, the slight fourth-quarter pickup in appropriations will not be translated into orders until the second half, at the earliest.

Overall, new capital appropriations in the fourth quarter gained a slight 3% over third quarter 1960. Admittedly, this is a slight pickup. But the steady downtrend from first quarter 1960 appears to have halted, according to *The Iron Age*.

This and signs of strength by three out of six major metalworking groups, may be the signal for a more general upturn in capital goods spending in the months to come.

The biggest third-to-fourth-quarter dollar gains were posted by the electrical machinery industries, which increased new appropriations 55%. Next in line came makers of fabricated metal products, up 68%, and non-electrical machinery, up 15%.

Offsetting these gains in new appropriations were fourth-quarter declines in primary metals, down 6%; transportation equipment, down 24%; and instruments, down 28%.

For all of 1960, new capital appropriations by metalworking companies came to $3.4 billion. This is about one-third less than the survey record year of 1959. But 1960 totals easily topped the $2.6 billion set aside for new plant and equipment spending in 1958.

In the steel market *The Iron Age* reports the slow recovery of recent weeks has hit a flat spot. But a better April is apparently still assured.

The outlook for better orders and shipments for April is unchanged, but consumers are not translating better feeling into advanced ordering. Into the last week of March, new orders were little or no better than they were a month earlier.

At the same time, mills are sticking to their predictions of at least 95 million tons of steel to be produced this year. Steel men believe their predictions are very much on target, *The Iron Age*—says.

Improvement Noted in Steel Order Book

Modest, but definite, increases in new orders are appearing in the metalworking industry, *Steel* magazine said on March 27.

Incoming orders to steel mills

Continued on page 33

Canadian Business Outlook

By J. W. Popkin, Sun Life Assurance Co. of Canada, Montreal, Canada*

Canada's weaknesses exposed by the current ebbing of the economic growth tide prompts Mr. Popkin to analyze the reasons for the turning of the tide and the ways to restore more effectively the economic growth pace. The analyst doubts Canada's new tax measure will slow the inflow of foreign capital. He warns against allowing nationalism to ride roughshod over reason and calls for firm assurance that Canada will not retreat into economic isolation. The writer predicts his country faces another year of minimal growth in denying there is a cyclical decline ahead, and he reiterates the need for the "less dramatic but more impersonal and flexible discipline of an active monetary and fiscal policy."

The strong tide of economic affairs that surged toward the North American continent for 10 years after the war has been ebbing for the past three or four. Many of the problems, distortions and excesses in the Canadian economy that slid from view beneath the onrushing tide, now stand exposed like wrecks, jagged and dangerous-looking. However, any mariner will tell you the dangerous wrecks are not those exposed by an ebb tide but those that lie uncharted just below the surface. The ebbing tide has been exposing some of our wrecks and, while the sight of them is disconcerting and unsettling, they are less dangerous for having been exposed — on the assumption we are prepared to do something about them.

J. W. Popkin

The Ebbing Tide

Before examining some of our wrecks, I would like to review briefly why the tide is indeed ebbing. At the end of the war, North America was the only important area with surplus industrial capacity. The task of rebuilding the world economy fell upon the United States and Canada. Demand was so great and insistent that cost lost meaning as a regulator of production. Canadian production—particularly of raw materials — felt the stimulus not only of European and Asian but also United States demand. The Korean war focussed U. S. attention on its vulnerable raw materials position and sparked increasing interest in Canada as a politically stable, geographically handy, and relatively cheap source of supply. Several developments in recent years have altered this favorable supply and demand relationship. For some raw materials, high prices stimulated with considerable success the search for and development of supplies in other parts of the world. The steady lessening of political risks, the progress toward currency convertibility, and the dismantling of the elaborate structure of restrictive trade practices were important factors in stimulating resource development in countries other than Canada. More recently, the formation of the European Economic Community and the Free Trade Area has increased the prospect of more competition for Canadian exports in some traditional and important markets.

Another reason the tide has turned is rapidly rising production in other industrial countries, an important part of which is directed toward increasing the volume of goods designed and marketed with an eye to the North American market. Vigorous action to contain inflationary pressures has helped to keep costs of foreign goods low and uncomfortably competitive.

A further reason for the ebbing tide is the changing physical composition of the West's military expenditures. The switch from conventional weapons to missiles not only reduced the demand for many materials but prompted liquidation of industrial materials heavily stockpiled in both the U. S. and Britain. As a result, prices of many raw materials have been depressed as markets adjusted to changing demands and absorbed surplus stocks.

To summarize, North America's position as a principal supplier of raw materials and industrial goods is being challenged by a rebuilt, rapidly expanding and low-cost European and Japanese industrial complex and by low-cost raw material supplies scattered around the globe. In the background, but getting bolder every day, is the Russian potential to supply an increasing variety of raw and manufactured products.

Canada's Dependence on Exports

Now for some of the problems exposed by the receding tide. In spite of views to the contrary, Canada's dependence on a high volume of basic exports has once again been reaffirmed. In this area of trade, high costs of production have not been a serious limiting factor on sales — high prices have, however, stimulated the search for and development of alternative sources of supply in other countries with a general depressing effect on prices. It is significant to note that Canada's real per capita income last year was below the figure achieved in 1956. The physical volume of exports which rose 21% from 1950 to 1953 and 13% from 1953-1956, increased by only 4% between 1956 and 1959. Canadian growth as a whole is still intimately related to the trend of exports.

In spite of fear about the effect of the European trading blocs on markets for our traditional exports, prospects for increased exports are by no means gloomy. Our most vulnerable area is in agricultural products. The Kennedy approach to the U. S. farm surplus problem, particularly if the dollar problem moves the United States to adopt the tied-loan concept of foreign aid, raises real marketing problems for our agriculture. The highly protectionist attitude of the Common Market toward farm imports is a further depressing element in the picture. With respect to our other resource exports, continued rapid growth in Europe coupled with slower but sustained demand in the U. S. should provide an expanding market.

There are also some encouraging developments toward more domestic processing of our raw materials. This is an area where increasing government pressure can be usefully employed, both on industry and particularly on the U. S. government to amend its tariff structure to admit more highly processed materials. With respect to industrial machinery and manufactured products, the European market deserves, and appears to be getting, much more serious attention from Canadian manufacturers. In my view, however, any really important gains in exports of such goods will come from a rearrangement of production patterns and tariff schedules with the United States. This is one area where we can accomplish something logical and constructive on a bilateral basis without repudiating the principles of GATT on which our trading policies have been based.

While we are justified in anticipating a rising level of exports in the years ahead, it is probably unrealistic to assume that the increase will be large enough to reduce significantly our current account balance of payments deficit, which for 1960 was roughly $1½ billion. Several courses are open to us. We can do nothing about the problem, rationalizing this position as normal for a country in our stage of economic development, and finding comfort in the fact that the inflow of capital is sufficient to protect our slender monetary reserve position. However, an analysis of the composition of both commodity and capital imports points up the folly of a "do nothing" policy. Consumer goods of a type available in Canada comprise a rising percentage of our imports, and an increasing proportion of our capital imports represent money borrowed for purposes that do not generate a liquidating claim on foreign exchange.

Suggests Remedial Measures

The biggest challenge facing secondary manufacturers is not to expand exports but to capture and hold a larger share of our Canadian market. To do this, design

Continued on page 38

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The Administration is cautiously hopeful that the talk between President Kennedy and the Soviet Ambassador to the United Nations, Andrei Gromyko, will lead to a peaceful settlement of the situation in Laos. Mr. Kennedy, although determined that there shall be no deterioration of the situation, is devoutly hopeful that the matter can be worked out peacefully.

In the event we decide to intervene with troops, we face a major operation. The United States is at several disadvantages. The most striking of the Red advantages are the tremendous reserves of manpower available at the well situated bases just across the border in North Viet Nam and Red China.

It is felt here that the Communists could top the United States and its SEATO allies in any military competition, even if the President accomplishes the build-up of conventional forces he desires. And nuclear war is not considered a rational alternative in Laos.

Thus there is the danger that the Communists will be able to frustrate whatever moves the United States makes to reverse their recent military gains—even to the extent of grabbing all of Laos. That would be a serious blow to the Kennedy efforts to systematically reduce East-West tensions.

Viewing the situation in a larger frame, many experts here see the Congo and Laos as companion pieces in the global contest.

The United States is seen as having the upper hand in the Congo and pressing its advantage to the embarrassment of Soviet Russia, which cannot move effective help to its collaborators at Stanleyville.

The Soviet Union is said to be reacting to this setback by pressing its advantage in Laos.

Administration sources say they are well aware of the tit-for-tat rationale and of the fear among America's friends that the United States has a weak logistics situation in Laos.

As for the rationale they regard it as superficial.

If Soviet Premier Khrushchev insists on pressing his local situation in Laos, he may fetch up a much deeper commitment by the United States on the mainland of Asia than has pertained at any time previously, except for the Korean episode of a decade ago.

So far the United States has relied mainly on naval power in the Pacific to protect its interests in Southeast Asia. But a Red takeover in Laos could be answered with a really solid United States commitment to SEATO, with a large land-based force such as Washington has been unwilling to establish and Southeast Asia has tried to avoid in the past.

This threat of establishing an American "position of strength" in Southeast Asia is regarded as a basic deterrent to an all-out Communist grab in Laos.

As for the positions of the Soviet Union and the United States in Laos and the Congo, Administration officials see fundamental differences. The United States position is relatively stronger in Laos than the Soviet Union's in the Congo.

The Soviet Union has no close allies to work with in Africa.

The United States, however, can work with SEATO powers like Thailand which is a neighbor of Laos, and with South Viet Nam, another neighbor with whom Washington has treaty ties.

Thailand, Pakistan and the Philippines have all pledged troops to help in Laos if they are needed to prevent a Communist take-over.

President Kennedy, who, associates say, has himself been the "desk officer" on Laos, is reported to have South Viet Nam as much on his mind as Laos these days. Communist guerrilla activity in South Viet Nam has been a persistent worry for several years. Recently, however, Communist North Viet Nam authorities have been stepping up their internal propaganda campaign against the South with parades and inflammatory broadcasts.

These could be ominous signs in the Communist pressure to take over South Viet Nam.

These Red pressures in Laos and South Viet Nam would translate swiftly, Administration officials warn grimly, into requests for big new defense appropriations from Congress.

Administration officials are not ready to believe that Moscow wants to provoke these United States moves or the costly counter measures the Soviet Union might find to be required.

Canada's Formidable Growth Prospects Clearly Undiminished

Continued from page 1

finally made it, is a great tribute to the basic reservoir of good will and good sense the Canadian and American people share in common. And now a second fabulous construction program, long dreamed about, and calling equally for international statesmanship and economic vision, is now at the starting stage. The Governments of Canada and the United States have drafted a treaty (subject to approval by the Canadian Parliament and the U. S. Senate) to jointly harness and develop the power resources of the Columbia River basin. The project will, on completion, have a power output equal to about 10% of the Tennessee Valley Authority, and like TVA, will also make provision for flood, navigation and pollution control, and for irrigation. All power will be shared equally, and each country will pay for construction within its own borders.

The project, among other things, is estimated to save the U. S. nearly $300 million in flood control costs, and by bringing a huge store of cheap electric power to British Columbia should spark a major regional industrial development. The advent of water power in an earlier decade, had a dynamic effect on the economy of Quebec and Ontario.

Regional Development

The third major planning to brighten the horizon of Canada's future is not one plan but hundreds of development projects designed to attract secondary industries, encourage local capital investment, and to stimulate manufacture in Canada of finished products derived from Canadian natural resources. To that end, for example, the Atlantic Provinces Economic Council is active in developing new business and expanding job opportunities in Nova Scotia, Prince Edward Island and New Brunswick. In Manitoba and Saskatchewan there have been organized Community Development Corporations (somewhat like Small Business Corporations in the U. S.). Under these, the province provides half the funds, if local people put up the other half. In this way dozens of small businesses have been successfully launched—hardware stores, paperboard factories, electronic plants, light manufacturing plants, and warehouses. Other provinces are considering similar encouragement to native industry. All of which demonstrates that though the rate of growth in Canada slowed down last year, Canadians are constantly striving for self-sufficiency and progress, and are willing to do something constructive about it.

Canada's Outstanding Production

Canada's importance as a mineral storehouse continues to increase with each passing year. Two-thirds of its primary copper and 80% of its primary nickel, lead, aluminum and zinc are exported and, totally, metals account for about 40% of all exports or roughly $2 billion annually. While Canadian uranium production scored fantastic advances between 1955 and 1959, the cutback in American buying contracts has stalemated the future of this industry, unless and until new areas of uranium demand are found.

The fastest gaining metal is now iron ore. Already Canada supplies 10% of the iron ore consumed in the U. S. annually, and a billion dollar construction and ore development program financed by major American steel companies, points to greatly expanded future iron production.

Canada remains the major gold producer on the American continents and patiently hopes for the day when the official price of gold may be advanced to $60 or $70 an ounce. (There was nothing in President Kennedy's opening economic address, however, to nurture this hope.)

Despite 15 years of rapid industrialization, and the injection of $11 billion of American capital during that period, agriculture is still Canada's number one industry with farm income reaching $3 billion in a good year (accompanied by favorable prices). Canada, like the United States, has farm price problems, particularly when Uncle Sam is giving away surplus wheat in certain areas. Canadian farmers are justifiably bitter about this; they can't see why their fine production should be financially penalized just because the United States foolishly raises so much grain that warehouses have to be built, and laid up ships laden with it until it rots.

Fabulous Timber Lands

Perhaps Canada's richest resource, in comparison with the rest of the world, is its millions of acres of timber lands. While timber is getting scarce in most of the other nations of the free world, Canada's supply is virtually limitless. Canada is today the largest exporter of pulp and paper in the world and supplies a fantastic 47% of this planet's newsprint. Price and profitwise timber, pulp and newsprint companies should, in 1961, show moderate improvement over last year.

The security markets in Canada rather faithfully reflected in 1960 the general slow down. Oils couldn't get started, and the natural gases were a little unbouncy in responding to all the good news about new pipelines and exports. Gold shares, however, had a field day in October and have since attracted a broader and steadier following than in some years. For this year, iron and steel stocks, utilities, paper, brewery, timber, chemicals and finance companies seem to have attractive conjectures, although the oils might come to life anytime. The Toronto Exchange still leads the world in the number of shares traded annually.

In conclusion we ought to say a word on the subject of international friction. Despite some resentment that American money has too dominating an influence on the Canadian economy, (a situation which will no doubt be remedied in part as time goes on) our essential relationship as good neighbors should not be lost sight of. In 1900, Canada did half its foreign trade with England. Today English trade is down to 10% and a whacking 64% of total Canadian trade is with the United States. We're each other's best customer, and we should remain good neighbors, and strive to correct those things that tend to make us otherwise. Increased Canadian taxation on foreign investment may be a good revenue producer; but it might tend to dry up the flow of funds which Canadian growth requires.

One of the things that surely promotes good feeling is the favorable investment climate—political stability, a sound currency and sound banking system — that Canada has historically offered to foreign security buyers. The long and attractive list which follows, of companies paying continuous dividends for from five to 87 years, is the best possible evidence of the long-term profitability and desirability of Canadian equities. The economy of Canada appears, in 1961, to be resuming its buoyancy and the widely diversified and seasoned securities shown in the accompanying tabulations should benefit accordingly.

TABLE 1

CANADIAN

(Listed and Unlisted)

Common Stocks

On Which
CONSECUTIVE CASH
DIVIDENDS

Have Been Paid From

10 to 132 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦ —Canadian $ § —	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	12	1.70	40¼	4.2
Acadia Atlantic Sugar Refineries Ltd. — Refines raw sugar cane & produces 50 or more grades & packages of sugar	10	0.60	14⅞	4.0
Agnew-Surpass Shoe Stores, Ltd. — Makes and distributes shoes through 128 store retail chain	27	0.70	19½	3.6
Aluminium Ltd. new — Largest producer of aluminum ingot in the world	22	0.70	31⅞	2.2

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.

	No Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦ —Canadian $ § —	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Andian National Corp., Ltd. — Operates oil pipe line in Colombia, S. A.	17	*0.40	8	5.0
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint and allied products	15	2.00	40	5.0
Anglo-Huronian Ltd. — Holding & operating co.—chiefly interests in Can. gold mining	21	0.50	8.25	6.6
Anglo-Newfoundland Development Co., Ltd. "Ord." — Newsprint and allied products; also mining interests	16	0.35	6⅞	5.1
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	14	1.00	33¼	3.0
Asbestos Corp., Ltd. — Mining & milling of asbestos fibre	23	1.40	25⅞	5.4
Ashdown Hardware Co., Ltd., J. H., "B" — Large wholesale and retail business in general hardware	23	0.72	b12½	5.8
Aunor Gold Mines Ltd. — Ontario gold producer	20	0.16	2.85	5.6
Auto Electric Service Co. Ltd. new — Service distributors of automotive electrical carburetors & auxiliary equipment	14	†0.4175	6½	6.4
BANK OF MONTREAL — Operates 813 branches and agencies throughout the world. ● **See Bank's advertisement on page 23.**	132	2.00	60	3.3
BANK OF NOVA SCOTIA — Operates 584 branches and sub-offices throughout the world. ● **See Bank's advertisement on page 23.**	128	2.30	67½	3.4
Banque Canadienne Nationale — Operates 594 branches in Canada	79	2.00	55	3.6
Barber-Ellis of Canada, Ltd. — Stationery and printers supplies	30	5.00	b80	7.8
Barymin Explorations Ltd. — Holding company, prospecting and exploring various properties N W Ontario	11	0.03	0.37	8.1

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦ —Canadian $ § —	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Beatty Bros. Ltd. — Manufacturers of barn and stable equipment, household equipment, pumps, etc.	21	0.20	7	2.9
Beaver Lumber Co. Ltd. — Lumber & building supply retailer, 273 branches in Canada	17	1.25	21½	5.8
Bell Telephone Co. of Canada — Most important telephone system in Ontario and Quebec	80	2.20	47⅜	4.6
Biltmore Hats Ltd. — Men's fur, felt and wool felt hats	27	0.40	6¼	6.4
Bird Construction Co. Ltd. — Engaged in general building and road construction with branches in several cities in central Can.	12	2.40	51	4.7
British American Bank Note Co. Ltd. — Makes bank notes, bonds, revenue stamps and similar items	26	2.50	52	4.8
British American Oil Co. Ltd. — Petroleum production, refining, distribution	51	1.00	29¾	3.4
British Columbia Power Corp. Ltd. — Holding co., controlling B. C. Electric Co. Ltd.	43	1.40	34¾	4.0
British Columbia Telephone Co. "Ord." — Second largest privately owned telephone system in Canada	45	2.20	47	4.7
Brock (Stanley) Ltd. "B" — Laundry supplies, hardware, plumbing supplies, etc.	14	0.40	8⅜	4.8
Building Products Ltd. — Asphalt roofing, flooring and insulation	34	1.80	32½	5.9
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	13	0.50	5.90	8.5
Burlington Steel Co. Ltd. new — Steel rolling mill & related oper.	24	0.85	b15	5.7
Burns & Co. Ltd. — Meat, lards, butter, poultry products, etc.	14	0.80	11¼	7.1
Calgary & Edmonton Corp., Ltd. — Leases oil and gas drilling rights in Alberta	24	0.10	14	0.7

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
b Bid.

Continued on page 20

Canada's Formidable Growth Prospects Clearly Undiminished

Continued from page 19

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Canada Cement Co., Ltd. — Portland cement	11	1.00	25¾	3.9
Canada & Dominion Sugar Co., Ltd. — Cane and beet sugar refining	30	0.60	16½	3.6
Canada Bread Co., Ltd. — Bread and cake wholesaler and retailer	17	0.10	3.90	2.6
Canada Flooring Co., Ltd. "B" — Specializes in manufacture of hardwood flooring of all kinds	11	1.00	10	10.0
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	12	0.80	a21½	3.7
Canada Iron Foundries, Ltd. — Holding and operating company—machinery & equipment interests	16	1.25	18⅜	6.8
Canada Malting Co., Ltd. — Malt for the brewing & distilling industries	33	2.50	66½	3.8
Canada Packers Ltd., "B" — Full line of packinghouse prods.	25	1.75	49¼	3.5
Canada Permanent Mortgage Corp. — Lends on first mortgage security, issues debentures, accepts deposits	105	2.00	55½	3.6
Canada Steamship Lines, Ltd. — Freight and passenger vessels: other diverse interests include hotels	18	1.40	39½	3.5
Canada Vinegars Ltd. — Vinegar and apple products	36	1.40	30	4.6
Canada Wire and Cable Co. Ltd. "B" — Copper and steel wires and ropes	22	0.20	7	2.9
Canadian Bank of Commerce — Operates 858 branches throughout the world	93	1.95	59¼	3.3
Canadian Breweries Ltd. — Holding co.—brewing and grain milling interests	16	1.60	44	3.6
Canadian Bronze Co., Ltd. — Holding co. — subidiaries make bronze bearings, bushings and castings	33	1.50	18⅛	8.3
Canadian Celanese Ltd. — Synthetic yarns and fabrics	25	1.15	24½	4.7
Canadian Dredge & Dock Co. Ltd. — General dredging; construction & repair work on waterways	11	1.00	13	7.7
Canadian Fairbanks Morse Co., Ltd., class "B" — Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	23	0.60	7½	8.0
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	31	12.00	b850	1.4

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Canadian Gen. Invest. Ltd. — Management type invest. trust	32	1.35	29¼	4.6
Canadian Industries Ltd. — Chemicals and allied products	34	0.50	14	3.6
Canadian Ingersoll-Rand Ltd. — Manufactures compressors, pneumatic tools, pulp and paper	31	1.50	40	3.7
Canadian International Investment Trust Ltd. — Management type of investment trust	10	1.10	17⅜	6.3
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	35	0.80	24	3.3
Can. Pac. Ry. Co., "Ord." — "The" private railway system of Canada	17	1.50	22¼	6.7
Canadian Tire Corp., Ltd. new — Sells automotive accessories, parts, etc., through 170 stores	17	†0.43	38	1.1
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial and mining machinery	11	0.65	14½	4.5
Canadian Westinghouse Co., Ltd. — Airbrakes and large variety of electrical apparatus	15	1.00	33½	3.0
Chartered Trust Co. — General fiduciary business	26	1.90	85¼	2.2
Chateau-Gai Wines Ltd. — Wines and juices	16	1.00	a23	4.3
Cochenour Willans Gold Mines Ltd. — Gold producer N. W. Ontario	13	0.14	3.65	3.8
Collingwood Terminals, Ltd. — Operates a 2 million bushel grain elevator in Collingwood, Ontario	19	1.00	13½	7.4
Conduits National Co., Ltd. — Rigid electrial conduits, elbows, couplings, etc.	24	1.00	11½	8.7
Confederation Life Assoc. — Wide range of endowment and life policies	37	2.00	165	1.2
Consolidated Mining & Smelting Co. of Can. Ltd. — Lead, zinc, silver, chemical fertilizers, etc.	28	0.90	20⅛	4.5
Consol. Paper Corp., Ltd. — Owns five mills; daily newsprint capacity 2,764 tons	15	2.00	42¾	4.6
Consumers Gas Co. new — Manufactures and distributes gas in the Toronto area	113	†0.35	16	2.2
Consumers Glass Co., Ltd. — Wide variety of glass containers	25	1.325	19½	6.8
Corby (H.) Distillery Ltd. V.t. — Holding and operating co. — alcohol and spirits	24	1.00	15½	6.5
Cosmos Imperial Mills Ltd. — Manufactures heavier grades of cotton duck	26	0.80	12	6.7
Crain, R. L. Ltd. — Manufactures & sells continuous business forms	15	0.40	17½	2.3
Crown Cork & Seal Co., Ltd. — Bottle caps for the beverage industry	32	2.75	57	4.8

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Crown Trust Co. — General fiduciary business	61	1.00	34	2.9
Crow's Nest Pass Coal Co., Ltd. — Coal producer on western slope of Canadian Rockies	43	0.60	18¼	3.3
Distillers Corp.-Seagrams Ltd. — A holding co.—interests include a complete line of whiskies and gins	24	1.70	31⅞	5.3
Dome Mines Ltd. — Ontario gold producer	41	0.70	23½	3.0
Dominion and Anglo Investment Corp., Ltd. new — Investment holding company	21	†0.36	9	4.0
Dominion Bridge Co., Ltd. — Bridges, cranes and structural steel of all kinds	48	1.00	16¼	6.2
Dominion Corset Co. Ltd. — Manufactures ladies' foundation garments	11	1.00	16	6.2
Dominion Engineering Wks., Ltd. — Wide variety of machines and equipment	19	1.00	16	6.2
Dominion Fabrics, Ltd. — Towels, tapestries, draperies, etc.	34	0.60	b11½	5.2
Dominion Foundries & Steel Ltd. — Makes wide variety of primary steel products	24	1.40	45⅜	3.1
Dominion Glass Co., Ltd. — Wide variety of glassware	43	2.80	68½	4.1
Dominion Insurance Corp. — Operates company for fire insurance, etc.	17	8.00	325	2.5
Dominion Oilcloth and Linoleum Co., Ltd. — Wide range of linoleum and oilcloth products	74	1.60	21⅛	7.6
Dominion Steel & Coal Corp. Ltd. — A holding co.—coal, iron & steel interests	15	0.40	10¼	3.9
Dominion Stores Ltd. — Operates grocery and meat chain of 349 stores	19	1.25	68	1.8
Dominion Tar & Chemical Co., Ltd. — Distiller of coal tar & producer of its derivatives	15	0.60	14⅜	4.2
Dominion Textile Co., Ltd. — Wide range of cotton yarns and fabrics	49	0.60	10⅛	5.9
Donohue Brothers Ltd. — Owns and operates a paper mill at Clermont, Quebec	15	0.75	17¾	4.2
Dover Industries Ltd. — Owns and operates two flour mills, capacity 1,350 bbls. daily; also 2 box and 1 ice cream cone factory	21	0.60	a12¼	4.9
Economic Invest't Trust Ltd. — General investment trust business	34	1.70	35	4.9

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.
b Bid.

Canada's Formidable Growth Prospects Clearly Undiminished

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Eddy Match Co. Ltd. — Manufactures and sells wood and book matches and through subs. is in lumber business and manufacturer of vending machines	23	1.50	26¾	5.6
Electrolux Corp. — "Electrolux" vacuum cleaners, & air purifiers	17	*1.20	22	5.5
Empire Life Insurance Co. — Operates as life insurance co.	10	1.00	65	1.5
Equitable Life Insurance Co. of Canada — Wide line of life and endowment policies	22	0.90	b53¾	1.7
Falconbridge Nickel Mines, Ltd. — Nickel, copper, cobalt; subsidiary produces steel castings	28	1.50	38¾	3.9
Famous Players Canadian Corp., Ltd. — Largest operator of motion picture theatres in Canada	26	1.50	17⅞	8.4
Fanny Farmer Candy Shops, Inc. — Operates large candy chain of 407 stores and 1,104 agencies	33	1.00	b17⅜	5.8
Finlayson Enterprises Ltd. "B" — Distributes through subsidiaries smokers' requisites, drugs, cosmetics, etc.	10	0.70	9	7.8
Ford Motor Co. of Canada, Common — Automotive manufacturer	28	5.00	133	3.8
Foundation Co. of Canada Ltd. — Engineers & general contractors	21	0.50	10¼	4.9
Fraser Companies, Ltd. — Wide variety paper and lumber products; synthetic yarns and fabrics	17	1.50	22¼	6.7
A. J. Freiman, Ltd. — Owns and operates 2 department stores in Ottawa	15	1.50	b35	4.3
Gatineau Power Co. — Hydro-electric energy in Eastern Canada	23	1.60	37½	4.3
General Bakeries Ltd. — One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	10	0.40	7¼	5.5
General Steel Wares Ltd. — Household utensils; hotel, restaurants, and hospital equipment; refrigerators, etc.	20	0.40	8⅜	4.8
Goderich Elevator and Transit Co. Ltd. — Operates 4 grain elevators. Capacity 3,000,000 bushels	28	1.50	b17	8.8

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Goodyear Tire & Rubber Co. of Canada, Ltd. — Natural and synthetic rubber products	34	6.00	125	5.0
Gordon Mackay Stores Ltd. "B" — Manages subsidiaries which distribute textile products and allied goods	36	0.50	7	7.1
Grand & Toy Ltd. — Manufactures commercial & general stationery & business forms and distributes office supplies & furniture throughout Ontario	17	1.80	47	3.8
Great Lakes Paper Co., Ltd. — Manufactures newsprint and unbleached sulphite paper	14	1.60	43⅜	3.7
Great West Coal Co., Ltd. "B" — Wholesale distributor of lignite coal	14	0.125	2.80	4.5
Great-West Life Assur. Co. — Wide range of life, accident and health policies	61	4.85	b355	1.4
Greening (B.) Wire Co., Ltd. — Wide variety of wire products	23	0.20	3.00	6.7
Guaranty Trust Co. of Can. — General fiduciary business	32	0.80	31	2.6
Hallnor Mines, Ltd. — Ontario gold producer	22	0.13	1.70	7.6
Hamilton Cotton Co., Ltd. — Wide variety of textile products	19	0.90	b15	6.0
Harding Carpets Ltd. — Specializes in seamless "Axminster" and "Wilton" rugs	25	0.70	11¼	6.2
Hayes Steel Products Ltd. — Wide variety of automotive parts	18	1.50	a24	6.3
Hinde and Dauch Ltd. — Wide variety of paperboards, boxes, etc.	27	1.80	48½	3.7
Hollinger Consolidated Gold Mines, Ltd. — Ontario gold producer	45	0.60	19	3.2
Hudson Bay Mining & Smelting Co. Ltd. — Manitoba copper & zinc products	26	3.00	45⅜	6.6
Huron & Erie Mortgage Corp. — Lends money on first mortgage security and operates deposit and debenture accounts	96	1.875	65	2.9
Imperial Bank of Canada — Operates 328 branches throughout Canada	85	2.00	66¼	3.0
Imperial Flo - Glaze Paints Ltd. — Varnishes, lacquers, enamels, paints, etc.	20	1.60	a33	4.8
Imperial Life Assurance Co. of Canada — Comprehensive range of life, endowment and term policies	86	2.40	90	2.7
Imperial Oil Ltd. — With subsidiaries comprises full integrated oil enterprises	61	1.35	37¾	3.6
Imperial Tobacco Co. of Canada, Ltd. "Ord." — Tobacco, cigars and cigarettes	49	0.675	13¼	5.1

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Industrial Acceptance Corp., Ltd. — Purchases acceptances; also small loans & gen'l insurance business	13	1.75	44⅝	3.9
Interior Breweries Ltd. "B" — Operates 2 breweries with combined capacity of 70,000 barrels per year	10	0.16	a3.90	4.1
International Bronze Powders Ltd. — Holding co. Subs. manufacture bronze and aluminum powders	10	0.70	13	5.4
International Metal Industries — Name changed to Wood (John) Industries Ltd. Shares exchanged share for share				
International Nickel Co. of Canada, Ltd. new — Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	27	†1.525	58½	2.6
International Paper Co. new — Holding and operating co. — Operates pulp and paper mills in Canada and the U. S.	15	†0.9925	30¾	3.2

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 24

International Utilities Corp. — Management and development of natural gas and electrical companies in Alberta	17	1.40	35	4.0
Investment Foundation Ltd. — Management type investment trust	17	2.40	37	6.5
Kerr-Addison Gold Mines Ltd. — Ontario gold producer	21	0.80	12	6.7
Labatt (John) Ltd. — General brewing business	16	1.25	31⅞	3.9
Lamaque Gold Mines Ltd. — Quebec gold producer	22	0.20	3.65	5.5
Lambert, Alfred, Inc. "B" — Manufacturers, wholesalers and retailers of footwear goods	10	0.80	15¼	5.2
Lambton Loan & Investment Co. — Oldest mortgage company in Canada, Company also issue debentures and accepts deposits.	117	1.30	28½	4.6
Laura Secord Candy Shops, Ltd., new — Retail candy chain in Ontario & Quebec—133 stores	34	0.70	16	4.4
Lawson and Jones Ltd. "B" — Engaged in printing and lithographing, manufactures labels, folding cartons and calendars, etc.	12	1.00	30	3.3

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.

Continued on page 22

Canada's Formidable Growth Prospects Clearly Undiminished

Continued from page 21

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Leitch Gold Mines Ltd. Ontario gold producer	23	0.06	1.65	3.6
Lewis Bros., Ltd Wholesale hardware trade in Eastern Canada	15	0.45	7	6.4
Loblaw Cos. Ltd. "B" Operates chain of 229 "self-service" grocery stores in Ontario	38	0.425	32½	1.3
Loblaw, Inc. Operates 224 "self-service" food markets in northern New York, Pennsylvania and Ohio	22	0.325	b14½	2.2
Lower St. Lawrence Power Co. Quebec electric utility	10	1.00	33	3.0
Walter M. Lowney Co., Ltd. Chocolate and other confection products	25	1.00	25½	3.9
Macassa Mines, Ltd. Ontario gold producer	12	0.15	3.10	4.8
MacLaren Power & Paper Co. "B" Holding company—newsprint, lumbering and power interest	19	1.1667	20⅞	5.6
MacMillan, Bloedel & Powell River Ltd. **Company formed as a result of merger in December, 1959, of MacMillan & Bloedel Ltd. and Powell River Co. Ltd.** Fully integrated lumber business; large exporter	20	0.75	15⅞	4.7
Madsen Red Lake Gold Mines Ltd. Ontario gold producer	21	0.20	3.20	6.3
Maple Leaf Gardens, Ltd. Owns and operates Toronto sports arena of same name	15	1.20	28	4.3
Maple Leaf Milling Co., Ltd. Grain handling; flour milling; operation of bakeries, etc.	15	0.50	15¼	3.3
Maritime Steel Foundries Ltd. Engaged in fabrication and erection of structural steel for buildings and bridges and manufactures construction equipment	10	2.00	a155	1.3
Maritime Telegraph & Telephone Co. Ltd. Operates largest telephone system in Nova Scotia and through subsidiaries in P.E.I.	49	0.90	b13¼	6.8
Massey-Ferguson, Ltd. Complete line of farm implements and machinery	15	0.40	10⅝	3.8
Maxwell Ltd. Manufactures washing machines, dryers, lawn mowers and food choppers	11	0.25	b3.00	8.3
McCabe Grain Co., Ltd., com. General grain dealings	14	1.30	33	3.9
McColl-Frontenac Oil Co. Ltd. **See Texaco Canada Limited** Oil production, refining and distribution				
McIntyre Porcupine Mines, Ltd. Ontario gold producer	44	1.33	28	4.8
Midland & Pacific Grain Corp., Ltd. Dealers in grain and operates line elevators in Western Canada	15	1.00	b18	5.6
Milton Brick Co., Ltd. Makes first quality face brick	11	0.20	2.05	9.8
Mining Corp. of Canada, Ltd. Holding, exploration & financing company	12	0.70	12⅜	5.7
Minnesota and Ontario Paper Co. Newsprint, specialty papers and other timber products	14	1.60	31	5.2
Mitchell (J. S.) & Co., Ltd. General supply house for many industries in Eastern Quebec	26	1.25	21	6.2
Mitchell (Robert) Co., Ltd. "A" Brass, bronze, nickel and other metal products	13	0.75	9	8.3
Modern Containers Ltd. "A" Makes tube containers for tooth paste, shaving cream and other semi-liquid products	13	1.00	a15	6.7
Molson's Brewery, Ltd. "B" Montreal brewer	16	0.90	25	3.6
Monarch Investments Ltd. Operates and owns number of apartment houses	13	2.00	b45	4.4
Montreal Locomotive Works, Ltd. Diesel-electric locomotives and related production	15	1.35	b13⅜	10.1
Montreal Refrigerating & Storage Ltd. "B" Operates general and cold storage warehouse in Montreal	15	†0.30	19⅛	1.6
Montreal Trust Co. Executor & trustee, management of securities & real estate	52	1.65	59⅛	2.8
Moore Corp. Ltd. Business forms, advertising display products, etc.	17	*0.80	46⅛	1.7
Morgan (Henry & Co.) Ltd. Owns and operates department stores in Ontario & Quebec.	18	1.00	34¼	2.9
Mount Royal Rice Mills Manufactures and distributes rice products.	15	1.25	20¾	6.0
National Drug and Chemical Co. of Canada, Ltd. Wholesaler of drugs, chemical & general merchandise	20	0.80	14¾	5.4
National Grocers Co., Ltd. Ontario grocery wholesaler	19	0.60	b20	3.0
National Hosiery Mills Ltd. "B" Manufactures ladies' hosiery	13	0.16	2.30	7.0
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	24	0.80	10½	7.6
National Trust Co., Ltd. General trust business, also accepts deposits	62	1.80	64½	2.8
Neon Products of Canada Ltd. Neon advertising signs	31	0.60	13	4.6
New Brunswick Telephone Co. Ltd. Operates telephone system in New Brunswick	52	0.60	b12½	4.8
Newfoundland Light & Pow. Co., Ltd. Operating public utility	12	2.00	45	4.4
Niagara Wire Weaving Co., Ltd., new Makes wire mesh, cloth, wire weaving machinery, etc.	26	0.80	10¼	7.8
Noranda Mines, Ltd. Copper and gold producer	31	2.00	40¾	4.9
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	15	0.27	2.60	10.4
Northern Telephone Co. Ltd. Operates telephone system in 36 centres Northern Ontario and Nothwestern Quebec. Dec. 31, 1957, had 48,817 telephones in use	50	0.115	5¼	2.2

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
* Dividerd paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Nova Scotia Light & Power Co. Ltd Diverse utility interests in Halifax and vicinity in Nova Scotia	31	0.60	15¾	3.8
Office Specialty Manu. Co. Ltd. Manufactures and distributes office furniture and supplies	15	0.80	b10½	7.6
Ogilvie Flour Mills Co., Ltd. Mills flour, feeds, and cereals	58	2.25	49	4.6
Okanagan Telephone Co. Owns and operates local and long distance phone system. At latest report has 22,421 phones in use.	12	0.60	12⅞	4.7
Ontario Loan and Debenture Co. Accepts deposits and sells debentures; invests in first mortgages	90	1.20	27¾	4.3
Ontario Steel Products Co., Ltd. Automotive springs, bumpers and plastic products	23	1.40	a20¼	6.9
Pacific Atlantic Canadian Investment Co. Ltd. Investment trust of Management type	19	0.15	2.50	6.0
Pacific Coast Terminals Co. Ltd. Owns terminal facilities and cold storage warehouse at New Westminster, B. C. Capacity—1,500,000 tons cargo per year	17	3.50	b75	5.0
Page-Hersey Tubes, Ltd. Industrial pipe and tubing	35	0.90	24¾	3.6
Pato Consolidated Gold Dredging Ltd. Operates a gold dredging project in Colombia, S. A.	22	0.20	2.70	7.4
Penmans Ltd. Woolen, cotton and silk knitted goods	54	1.80	29	6.2
People's Credit Jewellers Ltd. Retailer of jewelry and associated merchandise	19	0.70	a18	3.9
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc.	27	0.80	b14	5.7
Placer Development, Ltd. Investment—holding company—gold interests	28	0.55	14¼	3.9
Power Corp. of Canada, Ltd. A utility holding management and engineering company	24	2.00	50	4.0
Premier Trust Co. Operates as trust company trustee, etc.	44	8.00	b164½	4.9
Price Brothers & Co., Ltd. Newsprint and related products	17	2.00	40½	4.9
Provincial Bank of Canada Operates 173 branches & 185 agencies in eastern Canada	60	1.35	38⅛	3.5
Provincial Transport Co. Operates coach lines in Quebec and Ontario	24	0.75	14½	5.2
Quebec Power Co. Operating public utility	46	1.60	38	4.2
Quebec Telephone Provides telephone services to some 300 towns & villages in 17 counties of Eastern Quebec	10	0.95	38	2.5
Quemont Mining Corporation Ltd. Produces gold, silver, copper, zinc, and pyrites in Quebec	10	0.90	8.50	10.6
Quinte Milk Prod., Ltd. Wide variety of milk products	12	0.15	b2.95	5.1

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

H. Ellison Opens

Harry Ellison is engaging in a securities business from offices at 507 Fifth Avenue, New York City.

First N.Y. Real Estate Fund

First New York Real Estate Fund is engaging in a securities business from offices at 21 Maiden Lane, New York City. Partners are Newton W. Mandel, Hans J. Christian, Stanley M. Gruss, and Joel J. Bloch.

Form Hawkstone Assoc.

ARDSLEY, N. Y.—Hawkstone Associates is engaging in a securities business from offices at 3 Agnes Circle. Partners are Gilbert Kerbel, Herman Kerbel and Aaron Welish.

Diversified Financial

Diversified Financial Programs is conducting a securities business from offices at 152 West 42nd St., New York City. Partners are Rubin Newman, Harry Blume, and Irving Axel.

Canada's Formidable Growth Prospects Clearly Undiminished

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Reitman's (Canada) Ltd. — Through holdings of 3 subs. operates 111 retail clothing stores in Ontario and Quebec	10	0.40	16¾	2.4
Robertson (P. L.) Manufacturing Co., Ltd. — Wide range of screws and bolts	19	0.80	9	8.9
Robinson Little & Co., Ltd. — Wholesale and retail merchandising of dry goods & variety store lines	13	0.80	14¼	5.6
Rolland Paper Co., Ltd. "B" — High-grade bond writing paper & related products	11	0.85	50	1.7
Royal Bank of Canada — Operates 969 branches throughout the world	92	2.375	73⅝	3.2
Russell Industries Ltd. — Holding company — machine tool interests	25	0.60	9¼	6.5
St. Lawrence Corporation Ltd. — Newsprint and allied products	10	1.00	18¾	5.3
Sangamo Co., Ltd. — Electric meters, motors, switches, etc.	24	0.60	a12	5.0
Scythes & Co. Ltd. — Manufactures cotton and wool waste, cotton, wipers, etc.	25	1.00	a13½	7.4
Shawinigan Water and Power Co. new — Quebec electric utility	54	0.80	27¾	2.9
Sherwin-Williams Co. of Canada, Ltd. — Paints, varnishes, enamels, etc.	19	1.85	32	5.8
Sicks' Breweries Ltd. — Beer, ale, stout and carbonated beverages	33	1.20	24	5.0
Sigma Mines (Quebec) Ltd. — Quebec gold producer	21	0.20	3.60	5.6
Silknit Ltd. — Lingerie, swim suits and other rayon products	13	1.00	b19½	5.1
Silverwood Dairies, Ltd. "A" — Full line of dairy products	14	0.60	11	5.5
Simpson's Ltd. — Owns and operates through subs dept. stores in Canada	15	0.70	29¾	2.4
Siscoe Mines Ltd. — Holding Co. with interest in various mines located in Ontario and Quebec	11	0.045	1.17	3.8

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	23	1.45	26¾	5.4
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufactures in Canada	16	1.20	36	3.3
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates three radio stations	25	0.80	21¼	3.8
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	38	2.50	56	4.5
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	42	2.50	b170	1.5
Standard Paving & Materials Ltd. — General paving contractor	13	0.80	14	5.7
Standard Radio Ltd. — Through subsidiaries owns and operates radio and short wave stations in Canada	20	0.65	17¾	3.7
Stanfield's Ltd. "B" — Manufactures woolen & rayon underwear and hand knitting yarns	23	0.80	b10½	7.6
Stedman Brothers Ltd. — Wholesale and retail small wares business	26	1.20	33	3.6
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	45	2.70	67¾	4.0
Sterling Trusts Corp. — General fiduciary business	24	2.20	54	4.1
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	21	1.50	b21¼	7.1
Supertest Petroleum Corp., Ltd. "Vot. Com." new — Markets petroleum products in Ontario and Quebec	35	0.05	3.60	1.4
Tamblyn (G.) Ltd. — Operates chain of 128 drug stores	24	1.20	25	4.8
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	35	0.10	1.72	5.8
Texaco Canada Limited — Oil production, refining and distribution	17	1.60	57¼	2.8
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	32	0.25	6¼	4.0
Toronto-Dominion Bank — Operates 544 branches, 541 in Canada, one in New York, Chicago, and one in London, Eng.	103	2.00	59	3.4

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
b Bid.

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	22	0.50	11	4.5
Toronto General Trusts Corp. — General fiduciary business	77	1.60	47	3.4
Traders Finance Corp., Ltd. "B" — Purchases installment sales obligations	14	2.40	36¾	6.5
Union Gas Co. of Canada, Ltd. — Production, storage, transmission and distribution of natural gas	12	0.425	15½	2.7
United Amusement Corp., Ltd., "A" — Operates 34 motion picture theatres in Montreal and other Quebec cities	36	0.25	12½	2.0
United Canadian Shares Ltd. — Holding co. — insurance interests	36	0.70	15	4.7

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 24

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960 —Canadian $ § —	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
United Corporations Ltd. "B" — An investment trust of the management type	20	0.95	a20½	4.6
Upper Canada Mines Ltd. — Ontario gold producer	21	0.03	1.24	2.4
Ventures Ltd. — Holding, investment, promotion, exploration and development co.	12	0.50	30½	1.6
Viau Ltd. new — Biscuits and confectionery	14	†0.775	13	6.0
Victoria & Grey Trust Co. — Operates as trust company	10	1.40	38	3.7
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	21	0.80	6.00	13.3
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding company—extensive liquor interests	25	1.75	38⅜	4.6
Westeel Products Ltd. — Manufactures sheet metal	20	0.70	9⅞	7.1
Western Canada Breweries, Ltd. — Serves four western provinces	24	1.20	32½	3.7
Western Plywood Co. Ltd. "B" — Manufactures and sells veneer & plywood. Plant in Vancouver	13	0.60	10⅝	5.6

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.

Continued on page 24

Canada's Formidable Growth Prospects Clearly Undiminished

Continued from page 23

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
		—Canadian $ § —		
Westminster Paper Co., Ltd. "B" Common Wide range of paper specialty products	28	0.80	b35	2.3
Weston (George) Ltd. "B" Fine biscuits, bread, cakes, confectionery, etc.	31	0.70	40¾	1.7
Wood Alexander Ltd. Operates wholesale hardware business	10	0.30	4.95	6.1
Wood, John, Industries Ltd. "A" Holding Co. Subs. Canada & U. S. mfr. water heaters, oil trade equipment, etc.	18	1.60	23¼	6.9
Woodward Stores (1947) Ltd. A holding company which operates seven departmental stores in western Canada through subsidiaries	13	0.40	15½	2.6
Zeller's Ltd. Operates chain of 61 specialty stores across Canada	20	1.35	34½	3.9

TABLE II

CANADIAN

(Listed and Unlisted)

Common Stocks

On Which
CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
		—Canadian $ § —		
American Nepheline Ltd. Mines & processes nepheline syenite for use in glass and ceramic trade, in Ontario	8	0.02	0.365	5.5
Anglo Canadian Oils Ltd. Owns & operates refinery in Brandon, Man. Distributes and sells through company owned stations & agents	6	0.75	‡	‡
Anglo Scandinavian Investment Corp. of Canada Operates as an investment company	5	0.25	6¾	3.7
Anthes-Imperial Co., Ltd. "A" Manufactures and distributes pipe and fittings for soil, water and air. Also boilers, radiators and steel scaffolding	6	1.43	27½	5.2
Atlas Steels Ltd. Major producer of wide range of alloy & tool steels & stainless steel with plant at Welland, Ont. Subsidiaries operate in England, Mexico, has interest in similar operation in Belgium.	5	1.25	21½	5.8
Bowes Company Ltd. Manufacturers, importers and wholesalers of confectioners' and bakers' supplies	6	1.50	b25	6.0
Bralorne Pioneer Mines Ltd. Owns 2 producing gold mines. Cadwallader Creek, Bridge River area British Columbia	6	0.40	6.70	6.0
Bridge & Tank of Canada Ltd. Directly and through subsidiaries designs, erects & fabricates buildings, bridges, etc.	5	0.40	5⅞	6.8
British Columbia Packers Ltd. "B" Packs Salmon, clams, oysters, etc. with plants in British Columbia, Nova Scotia and Manitoba. Brand names are "Clover Leaf" and "Rupert Brand."	6	1.00	b14	7.1
Bulloch's Ltd. "B" Manufactures warm air furnaces using gas, oil or coal with plant in Winnipeg.	5	0.35	b4.25	8.2
Calgary Power Ltd. Alberta power utility	5	0.40	24⅜	1.6
Campbell Red Lake Mines Ltd. Ontario gold producer	9	0.40	15¾	2.5
Canadian Arena Co. Operates Montreal Forum	5	4.00	b170	2.4
Canadian Drawn Steel Co. Ltd. (The) Converts hot rolled carbon and alloy steel bars into cold drawn and cold rolled steel and turned and polished shafting. Plant and storage buildings in Hamilton, Ont., approximately 87,000 sq. ft., capacity 36,000 tons annually.	6	0.75	15	5.0
Canadian General Securities Ltd. "B" Investment holding company	6	1.00	b18½	5.4
Canadian Ice Machine Co. Ltd. Engaged in air-conditioning and refrigeration field from manufacturing to installations	9	0.10	7	1.4
Canadian Wallpaper Manufacturers Ltd. Manufactures wallpapers. Through subsidiaries operates wallpaper & paint stores.	5	1.50	36½	4.1
Carter, James B. Ltd. Manufactures & markets automatic electrical, farm & heat transfer products & acts as exclusive representative for allied products. Plant in Winnipeg.	6	2.00	47¼	4.2
Combined Enterprises Ltd. Owns & operates companies mfg. food flavors, paints, industrial rubber goods, moulded drug sundries, elevator gears & machinery. Plants in Montreal, Toronto and Farnham, Ont.	8	0.60	9	6.7
Consolidated Bakeries of Canada Ltd. Holding Co. through subs. operates 19 bakeries in Ontario & Quebec	8	0.50	7½	6.7
Consolidated Discovery Y'knife Mines Ltd. Gold producer, Yellowknife Dist., N. W. T.	7	0.24	3.70	6.5
Craig Bit Co. Ltd. Manufactures and sells detachable bits for rock drilling and carbide drill rods	6	0.08	a1.85	4.3
Dickenson Mines Ltd. Gold producer Northern Ontario	7	0.17	3.45	4.6
Dominion Electrohome Industries Ltd. Manufactures and sells radios, phonographs, television, electric fans, electric motors and allied products	6	0.20	5¼	3.8
Dominion Scottish Investments Ltd. Investment trust of management type	9	1.10	31	3.5
DuPont of Canada Ltd. Manufactures chemicals, textile fibres, commercial explosives, etc.	7	0.50	20¼	2.5
Edmonton Concrete Block Co. Ltd. Manufactures concrete blocks and lightweight aggregate. Capacity is 20,000 8-in. blocks per day	6	0.16	3.65	4.4
Giant Yellowknife Mines Ltd. Gold producer Yellowknife area, N. W. T.	8	0.45	12⅛	3.7
Hi-Tower Drilling Co. Ltd. Operates as contract driller for oil & gas wells. Owns 9 modern rigs capable of drilling from 4500 ft. to 10,000 ft.	5	0.80	a9¾	8.2
Hughes-Owens Co. Ltd. "B" Mfg. & retailer of drafting equip. scientific instruments & artists' supplies	8	0.30	a11	2.7
Interprovincial Pipe Line Co. Owns and operates crude oil pipeline from Red Water, Alta. to Superior, Wis. and Sarnia, Ont. 1,930 miles	8	2.80	60¾	4.6
Jamaica Public Service, Ltd. Holding company. Holds all common stock of Jamaica Public Service Co. Ltd. which serves Jamaica with light & power from 2 steam electric, 5 hydro-electric and 4 diesel power generating stations. Capacity 66,645 hp.	8	0.975	30¾	3.2
Jockey Club Ltd. Operates several horse race tracks in Ontario	9	0.10	2.65	3.8
Manitoba and Saskatchewan Coal Co. Ltd. "B" Mines and wholesales lignite coal. Capacity: 850,000 tons per year.	6	0.40	6½	6.3
New Dickenson Mines Ltd. Name changed to Dickenson Mines Ltd. share for share exch.				
Northern Quebec Power Co. Ltd. Generates & distributes power in N. W. Quebec mining areas. Operates five electrical merchandise stores. Serves 15,574 customers.	5	1.60	26	6.2
Northland Utilities Ltd. Distributes electric power and gas to several cities in Western Can.	9	0.60	18½	3.2
Northwest Industries Ltd. Engages in overhaul and repair of aircraft, aircraft instruments and accessories	8	0.25	3.75	6.7
Ocean Fisheries Ltd. Holding company. Through subsidiaries operates in fishing, processing and marketing seafood fish and fish byproducts	5	0.275	b8½	3.2

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.
‡ Inactive issue, don't trade

L. Silverman Opens

SOUTH OZONE PARK, N. Y.—Leonard Silverman is engaging in a securities business from offices at 109-15 120th Street.

Howard Wise Opens

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Howard Wise is conducting a securities business from offices at 1020 Vincent Avenue, North.

Form J. P. Penn Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — J. P. Penn & Company, Incorporated is conducting a securities business from offices at 214 South Seventh Street.

Forms Westchester Secs.

WHITE PLAINS, N. Y. — Walter W. Aker is engaging in a securities business from offices at 222 Mamaroneck Avenue under the firm name of Westchester Securities Company.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 30, 1960	Quotation Dec. 30, 1960♦	Approx. % Yield Based on Paymts. to Dec. 30, 1960
		—Canadian $ § —		
Oland & Son Ltd. "B" Directly and through subsidiaries operates 2 breweries in Halifax & one in St. John, N. B.	8	0.25	b11	2.3
Parker Drilling Co. of Canada Ltd. Owns & operates oil drilling rigs in Western Canada	8	0.35	3.40	10.3
Rapid, Grip & Batten Ltd. Photo engravings, electrotypes, commercial photography, etc.	6	0.60	15	4.0
Reeves Macdonald Mines Ltd. Lead-zinc-silver-cadmium property in British Columbia	5	0.20	1.50	13.3
Salada-Shirriff-Horsey Ltd. Directly & through subsidiaries manufactures, processes & sell extensive variety of food products. Has four plants in Canada, four in U. S. A. and one in Jamaica.	5	0.24	11⅞	2.0
Sun Publishing Co. Ltd. Publishes The Vancouver Sun, 216,500 circulation and has other varied interests.	8	0.075	11	0.7
Switson Industries Ltd. Mfgs. vacuum cleaners, floor polishers, gas heaters, furnaces, etc.	8	0.22	2.00	11.0
Thompson Paper Box Co. Ltd. Company and subsidiary manufacture a wide range of paper boxes	5	0.15	3.00	5.0
United Keno Hill Mines Ltd. Silver-lead-zinc-cadmium producer, Yukon	7	0.40	8.25	4.8
Western Canada Steel Ltd. Holding company. Subsidiaries producers small steel bars, small structural shapes, nuts, bolts, rivets, spikes and bands. Company also has interest in Hawaiian Western steel Ltd. Total capacity of subsidiaries 182,000 tons.	6	0.30	7¾	4.0
Willson Stationers & Envelopes Ltd. Company and subsidiaries carries on stationery and office supply business. Factories at Winnipeg, Regina, Edmonton and Vancouver	5	2.00	43	4.7

♦ Quotations represent Dec. 30, 1960 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1960.
§ Add current Canadian Exchange Rate.
b Bid.

Canadian Capital Investment May Exceed 1960 Level

Canadian capital investment for 1961, officially forecast to run roughly equal to 1960, may rise above the expected level by the end of the year, according to the Bank of Montreal in its Business Review for March, just issued.

This year's capital expenditure is now officially forecast at $8,336,000,000, or $136,000,000 more than in 1960, and, in view of the slowdown in business which began last year, the level can be considered "a source of some encouragement," the bank says.

"In a year in which uncertainty regarding the business outlook has persisted throughout the first three months, publication of the official survey of capital expenditure plans for the year as a whole is of more than usual interest, for it brings into the picture an indication of prospective demands on a large and important sector of the economy," the bank's review points out.

The forecast represents the total planned expenditures of some 18,000 business concerns as well as institutions and government bodies.

"The principal emphasis in this year's overall program will not be on the provision of machinery and equipment but on new construction where expenditures, because of the increases expected in construction of new homes, institutions and government projects, will probably rise by nearly 4% and account for the whole of the gain in total outlays," the bank continues.

"The implications for the economy of the proposed capital investment program cannot, of course, be precisely measured," the bank says, adding that greater emphasis on building can be expected to generate some additional employment in the construction industry.

"In broader terms, the program now envisaged, while not indicating any dynamic expansion in 1961, can be expected to provide a mild stimulus to the economy."

Furthermore, the forecast was made at the beginning of the year when the prevailing mood was one of caution, the bank says, on the basis of what business men then felt about economic prospects. Thus, if signs of a turning point become evident in the months ahead, expenditures can be expected to increase, the bank believes.

"Moreover, there are a number of large projects in the planning stages which may become more definite in the months ahead. It is perhaps not altogether unlikely, therefore, that, by the end of 1961, capital investment will be running at a higher rate and exerting a stronger upward push on the economy than the forecast at present indicates," the Bank of Montreal review concludes.

First Michigan Branch

BIRMINGHAM, Mich. — First of Michigan Corporation has opened a branch office in the Wabeek Building under the management of Alexander J. Riker.

Johnson, Lane Branch

CORAL GABLES, Fla.—Johnson, Lane, Space and Co., Inc. has opened a branch office at 2423 LeJeune Road under the direction of Philip R. Anderson.

Lieberbaum to Admit

On April 1 Lieberbaum & Co., 50 Broadway, New York City, members of the New York Stock Exchange, will admit Allen Fial, Michael C. Lieberbaum and Fred Santi to partnership.

Research Inv. Names

ENGLEWOOD, N. J. — Research Investing Corp., 163 Engle Street has named John W. Rollins to the board of directors. Mr. Rollins is President of Rollins Leasing Corporation, Chairman of the Board of Rollins Broadcasting, Inc., and owner of Rollins Motors.

Pasternack Admits

Pasternack & Co., 92 Liberty St., New York City, members of the American Stock Exchange, has admitted Joseph N. Palma to partnership.

Ross, Borton Branch

YOUNGSTOWN, Ohio — Ross, Borton & Co., Inc., has opened a branch office in the Central Tower Building under the direction of James P. Hart.

O. R. Sheppard Opens

WASHINGTON, D. C.—Oscar R. Sheppard, Jr. is engaging in a securities business from offices at 3422 Highwood Drive, S. E. under the firm name of O. R. Sheppard & Co.

Van Alstyne, Noel Branch

HARTFORD, Conn.—Van Alstyne, Noel & Co. has opened a branch office at 50 Lewis Street under the management of William H. Tirkot.

Associated with him as registered representatives are David E. Christopher, Stephen P. Dunn, William B. Leonard, and Bruce L. Rackliffe.

New Hutton Branch

WASHINGTON, D. C. — W. E. Hutton & Co., members of the New York Stock Exchange and other leading exchanges, announced the opening of a branch office at 444 Transportation Building, 17th and H Streets, N. W., under the management of Clarence R. Saccardi.

Jensen Indust. Capital Stk. Off'd

Public offering of 75,000 shares of Jensen Industries capital stock at a price of $4 per share was made jointly on March 29 by Maltz, Greenwald & Co. and Thomas Jay, Winston & Co., Inc.

Net proceeds from the sale of the capital shares will be used to move the company's plant and equipment to new quarters; to purchase and install new equipment; to make certain leasehold improvements; and to research and develop new products. Balance of the proceeds will be added to the company's working capital.

Jensen Industries, incorporated in 1947, and located in Los Angeles, Calif., will move to Vernon, Calif. following the current financing. Among its principal products the company designs and manufactures metal kitchen and bathroom fixtures for sale to the home and commercial building construction industry.

For the year ended May 31, 1960 net sales were $1,955,420, of which $87,128 was retained as net earnings after Federal taxes. For the first nine months of the current fiscal year, the company shows unaudited net sales of $1,258,979 with $59,568 retained as net earnings. Upon completion of the current financing, outstanding capitalization of the company will consist of 300,000 shares of capital stock and a $25,000 bank loan.

Channing Corp. Names

Channing Corporation, 85 Broad Street, New York City, has appointed Mrs. Gloria Wiener sales promotion manager of the financial division.

B. C. Ziegler Branch

MEMPHIS, Tenn.—B. C. Ziegler & Co. has opened a branch office in the Dermon Building under the management of B. B. Bowen.

MUTUAL FUNDS

BY ROBERT E. RICH

Tools of the Trade

That the public attitude toward securities has undergone a profound change within a generation there can be no doubt. One of the most pointed commentaries on this change was related one day last week by a veteran broker who traces his Wall Street career back to the days when railroads were the basic blue chips, radio stocks were the big vogue and "the squares" of the time were the folks who insisted on paying cash for stocks.

"In the bad old days," says he, "the inevitable question that arose when you met someone outside the financial community was: 'You got any good tips?'. Nowadays I'm forever being asked: 'What do you think of mutual funds?'."

This is a measure of the responsibility that confronts the business of investment companies. For—make no mistake about it—millions of people have been asking questions about mutual funds. It must be that they have been encouraged by the answers they get, else the business would not have experienced a boom that borders on fantasy.

Now, not every salesman who approaches a prospective customer for the funds can count on the pre-conditioning that the veteran broker creates in answer to inquiries. Like thousands of other men in the financial community, he strongly favors the mutual-fund approach for people whose work and interests are far removed from Wall Street.

Because the marketplace is remote to them and because they are usually people of high intelligence who do not lightly make a large-scale financial commitment, the fund salesman must be prepared to make a convincing case for his product. Nor does he lack tools, if only he will make use of them.

This department has not overlooked these fine instruments. As recently as March 23, there was cited here the work of Distributors Group, which used a handy bulletin as a strong argument for turning over the chore of stock selection to experienced management. And there have been others.

One of the finest jobs in this line is done regularly by the dealer service of Arthur Wiesenberger & Co. In an article called fittingly "Pro Bono Publico" it notes: "In their zeal for the fine product they are selling, the vast majority of investment salesmen take it as axiomatic that all investment companies are safe investments." The Wiesenberger people note that "safe investments" is a phrase that is meaningless *per se*. The bulletin adds:

"In reality, the feeling has as its base the protective features surrounding investment companies as provided by the Investment Company Act of 1940. This is 'old stuff' to dealers and salesmen who have been interested in these companies since the 30s. They take it for granted — but overlook the fact that there is a tremendous number of new investment salesmen to whom the real significance of the Act is meaningless."

Wiesenberger says that although many of these new salesmen have some knowledge of the provisions in fund prospectuses, comparatively few realize that many of the provisions set forth are required by the Investment Company Act. Happily, the industry, as Wiesenberger says, "has had mighty few black marks against it." From there it goes on to say what many a fund salesman will find worthwhile repeating to a prospective client:

"Investment companies are probably the most closely regulated segment of the entire securities business. While there is no way to protect the investor against loss as a result of liquidating his investment at a time when the market value of his holdings is less than cost — in other words, against market fluctuations — the laws enacted to prevent possible abuses of trust are clear-cut and far-reaching."

Finally, the article emphasizes: ". . . they represent a plus factor not obtainable in any comparable investment medium."

While it is too much to expect that a business which has grown so phenomenally could muster a full array of seasoned salesmen, it is nevertheless incumbent on investment companies to seek out dedicated willing-to-learn people for whom the rewards will not be inconsiderable. The customers are there, the need is present and the tools are at hand.

The Funds Report

Centennial Management & Research Corp., originator of the non-taxable exchange fund for larger, "locked-in" investors, announced its current $50,000,000 public offering of Centennial Fund II Inc. is being raised to $75,000,000 and extended to April 26.

Centennial Management & Research is sponsor of Centennial Fund Inc., the first of the open-end investment companies to be formed through a simultaneous exchange of investors' securities for fund shares.

Centennial Fund Inc. was formed last Aug. 15, when some $26,000,000 in securities were exchanged for its shares. Centennial Fund II Inc. is patterned after the first fund.

* * *

Trustees of **Chase Fund of Boston** have authorized a 2-for-1 split of the shares to stockholders of record April 7.

* * *

Total net assets of **Financial Industrial Fund Inc.** passed the $200,000,000 mark during its second fiscal quarter to achieve a new period-ending high of $219,880,413 on Feb. 28. At last month's close net asset value per share came to $4.61, against $3.99 on Nov. 30.

The company also reported that during the latest quarter it was "especially active in the cosmetics industry, where it established new positions in four different companies." Purchased at a total cost of about $6,500,000, its new commitments in the cosmetic field include shares of Revlon, Lehn & Fink, Max Factor and Shulton. Other new positions include Colonial Corp. of America, Majestic Specialties and Warner-Lambert Pharmaceutical. Eliminated were Allis-Chalmers, American Viscose, Bristol-Myers, Columbia Gas System, International Minerals & Chemicals, Thompson Ramo Wooldridge and Westinghouse Electric.

* * *

During the two and one-half months from year-end to March 15, asset value per share of **George Putnam Fund of Boston** rose to $16.24 from $14.57. Total net assets increased to $252,270,000 from $222,900,000 during the period, Charles M. Werly, Chairman of Trustees, told the annual meeting. Purchases of new shares of the fund by investors during the first two months of 1961 totaled $5,355,000, an increase of 58% from the same period last year.

Principal additions since the end of the year include 11,000 shares of Coca-Cola, 20,100 International Telephone & Telegraph and 20,000 National Cash Register. Eliminations include 27,000 shares of Aetna Life Insurance, 20,000 Dominion Stores Ltd., 40,000 Gulf Life Insurance, 7,500 Lily-Tulip Cup and 4,000 Ryder System.

* * *

Incorporated Income Fund closed the first quarter of fiscal 1961 on Jan. 31 with per share net asset value of $9.35. This compares with $8.93 on Oct. 31. During the quarter total net assets rose to $112,168,383 and shares outstanding to 11,999,471, both all-time highs.

The fund reported increasing holdings in Bethlehem Steel, Celanese, General Motors, Kern County Land, Republic Steel and Youngstown Sheet & Tube. It eliminated American Tobacco, Freeport Sulphur, Island Creek Coal, Maytag, Ranco and Southern Natural Gas. Securities added during the quarter principally were utilities, oils, motors and railroads.

* * *

Net worth of **Imperial Capital Fund** increased $3,563,241, or 27.3%, during the quarter ended Feb. 28, 1961, President Albert Sheldon, Jr., told shareholders in the quarterly report. Net worth at the end of the quarter was $16,470,645, or $9.26 a share, compared with a net worth of $12,907,404, or $8.01 per share, at the end of the preceding quarter (Nov. 30, 1960). Net assets one year ago (Feb. 29, 1960) were $10,564,997.

Mr. Sheldon said the Imperial Capital Fund now has 98% of its assets invested in common stocks and convertible debentures and that all of the government bonds which were purchased heavily last year "for ballast" during the market decline of 1960 have now been sold.

* * *

Hugh W. Long & Co. has reported consolidated net earnings of $982,194 for 1960, compared with $932,933 for the previous year. This is equivalent to 98 cents per share on class A and class B common stock, against 95 cents for 1959. The Long company is national underwriter for Fundamental Investors Inc.; Diversified Investment Fund Inc. and Diversified Growth Stock Fund Inc. Investors Management Co., wholly owned subsidiary, is investment advisor to the three mutual funds.

* * *

Total dividend distributions to **Madison Fund** stockholders "could reach a new high level" in 1961, Edward A. Merkle, President of the closed-end investment trust, told stockholders at the annual meeting. The current year "marks a high point in the affairs of Madison Fund," Mr. Merkle observed, noting a 5.2% increase in the company's book value for 1960. As a result, he reported, Madison Fund stock recently sold at a new high since 1929, with shares at a premium of as much as 3%.

Mr. Merkle said Madison Fund soon hopes to announce an investment plan "whereby all stockholders can automatically obtain stock for all their dividends." He said an increasing number of stockholders are now choosing to take new Madison Fund shares on optional dividend distributions Mr. Merkle said Madison hopes to get SEC permission to furnish stock for the plan at asset value "if our stock is selling at a premium." If shares are at a discount, the dividend disbursing agent would purchase shares on the open market.

* * *

Massachusetts Investors Growth Stock Fund reports that at Feb. 28, end of the first quarter, its shares were valued at $16.78 and total net assets were $464,687,456, both new highs. These figures compare with $13.83 and $329,561,378 a year earlier.

During the quarter the fund made new investments in Canadian Superior Oil of California, Certain-teed Products, Dun & Bradstreet, Metro-Goldwyn-Mayer and Wallace & Tiernan. Holdings were increased in Aetna Casualty & Surety, Ampex, Colorado Interstate Gas, Connecticut General Life Insurance, Ginn & Co., Gulf States Utilities, Holt, Reinhart & Winston, Newmont Mining, Paramount Pictures, Scott Paper, Skelly Oil, Southern Company, Stop & Shop, Texas Pacific Coal & Oil, U. S. Vitamin & Pharmaceutical.

Sprague Electric was eliminated and holdings were reduced in Aluminum Co. of America, Caterpillar Tractor, Dominion Stores, Dow Chemical, Hammond Organ, Kimberly-Clark, National Lead, Owens-Corning Fiberglas, Robertshaw-Fulton Controls, Sheraton Corp. of America and Texaco.

* * *

Nucleonics, Chemistry & Electronics Shares reported record sales for last month and the first three months of the fiscal year. Share and plan sales for February totaled $2,200,000, a 40% rise from the like month last year.

Completion of arrangements for distribution of its shares in Hong Kong was announced. The fund will be marketed there by Beneficial Investments.

* * *

Samson Convertible Securities & Capital Fund Inc. reported that net asset value per share rose to $30.35 on Feb. 28 from $27.45 on Nov. 30, 1960.

* * *

Supervised Shares Inc. reports increases in holdings of American Cyanamid, General Electric, General Mills, S. S. Kresge, Lone Star Gas, Penn Dixie Cement, Philip Morris. Over the same span it reduced holdings in American Machine & Foundry, Foremost Dairies, Sperry Rand.

Carnation Co., Giant Portland Cement and Textron were added to the list.

* * *

The United Funds Inc. group of mutual funds has attained the $1 billion milestone in total net assets, Cameron K. Reed, President and founder, announced. Total assets of the four funds that make up the United group first reached the figure on March 17. At the close of business on that date, assets totaled $1,001,661,922.

United thus became the fourth of the nation's mutual fund groups to surpass a billion dollars. The others are Investors Diversified Services Inc., Minneapolis; Massachusetts Investors Management Group, Boston, and Wellington Co., Philadelphia. Included in the Kansas City-based United Funds Inc. group are United Accumulative Fund, United Income Fund, United Science Fund and United Continental Fund.

* * *

UBS Fund of Canada, Ltd., the direct-by-mail mutual fund, reports an increase since early January of 10% in net asset value per share. The fund made its first investments at that time with proceeds from the initial offering. Total net assets on March 20 were $4,128,488, up from the $3,486,588 on Dec. 31, 1960, the end of the initial offering period. The increase of $641,900 was accounted for by $365,639 appreciation in asset value and $276,261 in net sales, H. Nelson Conant, the fund's President, disclosed,

Net asset value per share on March 20 was $10.46, up 10% from $9.51 at the year-end. The shares were first offered in mid-November at a price of $10, including a sales charge of 4.9% of the offering price.

Jeff. Lake Secs. Are Marketed

A. G. Edwards & Sons and associates offered on March 27 in 43,750 units, $2,625,000 of 6½% series A subordinated sinking fund debentures, due Dec. 31, 1972 with attached warrants to purchase 262,500 shares of common stock, and 175,000 shares of common stock, of Jefferson Lake Asbestos Corp. The offering marks the first public sale of the debentures and common stock. The Jefferson Lake Asbestos project is unique in that it is the first hard-rock operation to be publicly financed right from the start of operations of the corporation.

Each unit, consisting of a 6½% series A sinking fund debenture in the principal amount of $60; a series A warrant initially to purchase six $1 par common shares at $5 per share, and four $1 par common shares, is priced at $80, plus accrued interest on the debentures from Dec. 31, 1960.

Proceeds from the financing, together with other funds, will be used by the company to reimburse Jefferson Lake Sulphur Co. for capital, exploration, development and management expenditures; construction costs for the company's projected asbestos mill, initial working capital requirements and other pre-production expenses.

The series A debentures will be redeemable for the sinking fund at par, and at the option of the company at redemption prices ranging from 105% to 101%, plus accrued interest in each case.

Jefferson Lake Asbestos Corp., New Orleans, La., was incorporated under the laws of Nevada on Oct. 2, 1959. The company's principal activity will be the production and sale of asbestos, which it will mine and mill at the ore site in Calaveras County, Cal. Having thus far engaged only in exploration and development, the company has made no sales nor earnings.

Upon completion of the current financing, outstanding capitalization of the company will consist of 775,000 shares of common stock; 262,500 series A share warrants; 10,000 series B share warrants; $2,625,000 of 6½% series A subordinate sinking fund debentures; $1,500,000 of 6½% series B subordinate debentures; $2,000,000 of term bank loans, and $3,400,000 of purchase money mortgage on the Copperopolis asbestos tract, Calaveras, Calif.

Renwell Elect. Stock All Sold

William, David & Motti, Inc. offered on March 27 100,000 shares of Renwell Electronics Corp. of Delaware 1 cent par common stock at $3 per share. The offering sold quickly at a premium.

Its subsidiary Renwell Electronic Corp. is engaged in the manufacturer of assemblies and wiring harnesses for the electronics industry. The susbidiary's plant is located at South Hadley Falls, Mass.

New Bache Office

WHITE PLAINS, N. Y.—Bache & Co. has opened a branch office at 222 Mamaroneck Ave. under the management of Henry L. Wilder, Jr.

Roy A. A. Larson Opens

FAIRBANKS, Alaska—Roy A. A. Larson is conducting a securities business from offices at 405 Noble Street.

Form Reger & Co.

DETROIT, Mich.—Reger & Co., Inc., has been formed with offices in the Guardian Building to engage in a securities business. Paul A. Reger is a principal of the firm.

Bank of N. Y. Names Waugh

Samuel C. Waugh, former head of the Export-Import Bank of Washington, has been appointed Washington consultant to The Bank of New York's International Department it was announced here by Albert C. Simmonds, Jr., Chairman of The Bank of New York.


Samuel C. Waugh

Until his resignation in January of this year, Mr. Waugh has been Chairman and President of the Export-Import Bank since his appointment by President Eisenhower in 1955. He had previously been Assistant Secretary of State for Economic Affairs (1953-55), Deputy Under Secretary of State for Economic Affairs (1955) and U. S. Alternate Governor to the International Monetary Fund and International Bank for Reconstruction and Development (1953-1955).

He was accorded the rank of special ambassador in 1958 and accompanied Vice-President Nixon on his visit to South America and also accompanied Dr. Milton Eisenhower on his mission to Central America.

Mr. Waugh has been active for nearly a decade as a government official in the field of international banking and trade. He was Chairman of the U. S. Delegations to the General Agreement on Tariffs and Trade (GATT) in 1953-54-55 and the Consultative Committees on Economic Development in South and Southeast Asia in 1953-54. He also served as U. S. Delegate to ministerial meetings for the Organization for European Economic Cooperation in 1954-55 and the Economic Conference of the Organization of American States in 1957.

Before assuming government responsibilities, Mr. Waugh spent many years in private banking. He joined The First Trust Company of Lincoln, Neb., in 1913 and was its President from 1946 to 1953. He is currently on leave as a director of The First Trust Company and the Citizens State Bank, both of Lincoln.

Mr. Waugh is a past President of the trust division of the American Bankers Association and a past member of the Government Affairs and Policy Committees of the Chamber of Commerce of the United States.

Thermodynamics Common Offered

Pursuant to a March 27 prospectus, an underwriting group headed by Lowell, Murphy & Co., Inc., Denver, Colo., publicly offered 315,089 shares of the 30c par common stock of Thermodynamics, Inc. at $3.50 per share. Of the shares 285,000 were offered for the account of Thermodynamics formerly known as Agricultural Equipment Corp., and the remaining 30,089 shares were offered for the account of two company officers.

The company distributes chain and power saws, tractor attachments, and gasoline engines, and manufactures cryogenic gas reclamation and transferral systems, control devices, furnaces, and industrial equipment involving special steel fabrications.

The proceeds will be used for debt reduction, plant and office expansion, machinery, equipment, laboratory facilities, and working capital.

Hubert R. O'Neil Now With Fairman & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Hubert R. O'Neil has become associated with Fairman & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. O'Neil who has been in the investment business on the Coast for many years has recently been with Paine, Webber, Jackson & Curtis.

Forms First United

LYNFIELD, Mass. — Elmer F. Meyers, Jr., is engaging in a securities business from offices at 952 Summer Street under the firm name of First United Investors. He was formerly with Chapman & Co.

Smith, Kline Stock Offered

Smith, Barney & Co. Inc. and The First Boston Corporation are joint managers of the group that offered publicly on Mar. 28 200,000 shares of Smith Kline & French Laboratories common stock at $57 per share.

The shares which are being offered are outstanding shares received by Yale University as part of a gift of 220,000 shares made by C. Mahlon Kline, Honorary Chairman of the Board and a director of the company, to enable Yale to build new science facilities to be called the Kline Science Center. After completion of the sale, Yale University will own the balance of 20,000 shares of record and beneficially.

The company is engaged primarily in the development, manufacture and sale of pharmaceutical specialties promoted "ethically" through activities directed toward physicians and pharmacists. Its principal products are tranquilizers and central nervous system stimulants.

Consolidated net sales for 1960 were $144,538,000 and consolidated net earnings were $24,025,000 compared with $134,891,000 and $25,006,000 for 1959.

Capitalization of the company as of Feb. 28, 1961 consisted of 14,641,504 shares of common stock without par value. The company has no long-term debt.

J. O. Jordan Joins Shearson, Hammill Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James O. Jordan III has become associated with Shearson, Hammill & Co., 3324 Wilshire Boulevard. Mr. Jordan was formerly in the municipal bond department of J. Barth & Co., and prior thereto was with Hill Richards & Co.

Form Continental Secs.

SALT LAKE CITY, Utah—Continental Securities Corporation has been formed with offices in the Continental Bank Building to engage in a securities business. Wiley E. Stewart is a principal of the firm.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Pacific Lighting Corp.

In terms of customers, **Pacific Lighting is the nation's largest gas distributing system. In 1960 the** system added **85,847 active meters,** and at year-end had **2,495,087** customers. The company's **two** service subsidiaries (Southern California Gas and **Southern** Counties Gas) serve a **population** of about 8,400,000 in southern California, including **Los Angeles.** The area includes rich farm areas, important oil producing districts and diversified manufacturing industries. The Los Angeles area becoming a production and research center for the electronics industry.

Revenues are about 63% residential and commercial, 30% industrial, etc. and 7% wholesale. Gas heating is used throughout the area with a saturation of about 99%, so that growth in this service is limited to population growth. However, such growth is expected to continue at a rapid pace and the number of meters are expected to gain 40% in the coming decade. The company spent about $72 million for construction last year and the 1961 budget is estimated at $48 million.

The question of gas supply is of major interest to the California utilities. While Pacific Lighting recently announced the formation of a new subsidiary (Pacific Natural Gas Exploration) to explore for natural gas reserves in the mid-continent and Rocky Mountain areas, the system's entire gas supply is currently obtained from other companies. The supply of gas in California has been dwindling and only 20% of the 1960 supply was obtained from producers within the state. El Paso Natural Gas supplied the remainder up to last August when a new supplier, Transwestern Pipeline, began delivering some **300 million** cf a day (compared **with 1.1 million** cf from El Paso).

The Transwestern Gas comes **from southwestern** fields and the **supply may** be more than doubled **within a** few years. Another **source of increased supply will be obtained if** a proposed pipeline **from Rock** Springs, Wyoming to **the California**-Nevada border is **completed** by El Paso and Colorado **Interstate** Gas. This line will **afford access** to both Colorado's **large reserves**, and Canadian gas. **Gas would** begin to flow through **this line** in 1962, increasing to **470 million** cf in 1965, plus **another** 150 million cf later (**potential**). When completed, this **project will** bring gas from major **sources in** Rocky Mountain and **mid-continent** fields heretofore **not tapped** by pipelines reaching **southern** California, and will enable **the** subsidiaries to provide **for the continuing** growth of their **markets** for many years.

The need to prevent smog in the **Los Angeles** area favors the use **of natural** gas as opposed to oil; **but on** the other hand the **Supreme Court** decision upholding **the New York** Commission in forbidding **Consolidated** Edison to **import gas** for boiler fuel (an **"inferior"** use) is not considered **to have** much bearing on the **California** situation, though any **ruling by** the California Commission **should** hold. Residential use **has general** priority in that state **as elsewhere**, and gas for boiler **use and** industrial use is on an **interruptible** basis, having to **compete** somewhat with low-**priced oil** when available.

Meanwhile, the system's largest **wholesale** customer, Southern **California** Edison, has been **contracting for** a supply of gas from **Texas to** be delivered by a **proposed pipeline** running through Mexico. If completed this pipeline might also displace some of Pacific Lighting's other industrial sales. Pacific Lighting is opposing the project, which it considers entirely impracticable, before the California Commission and will also oppose it before the Federal Power Commission. Southern California Edison has also contracted with an oil company for a substantial quantity of California gas and construction of the necessary pipeline to obtain this gas is also being opposed by Pacific Lighting.

The company has for some years earned a low rate of return on net plant; according to Standard & Poor's, the percentage has ranged between 4.5% and 5.7%. Share earnings were $2.94 in 1950—presumably a very favorable heating year—but dropped to $1.68 in 1951 and did not exceed the 1950 figure until last year, when $3.43 was reported. This gain was the result of more normal (colder) winter weather, some rate increases, and an increased supply of gas. Revenues gained 19% and net income 25%.

In the rate decisions the state commmission allowed a 6.6% rate of return to the distributing companies and a 6.5% return to the gas supply subsidiary. However, about three quarters of the increases were allowed to offset the higher cost of gas from suppliers, the balance being necessary to offset higher wages and property taxes, increased plant investment, etc.

To balance its heavy winter sales for space heating, the Pacific Lighting companies are promoting sales of all-year gas-fired air conditioning equipment. New and more competitively priced units are becoming available for residential and other applications. Sales of self-contained units increased over 40% in 1960.

Pacific Lighting has been selling recently around 57 to yield 4.2% based on the $2.40 dividend rate. The price-earnings ratio is a conservative 16.6 times the 1960 share earnings of $3.43.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The need for funds to run the government brought the Treasury into the market this week and $1,500,000,000 of tax anticipation bills coming due on Sept. 22 were sold. In addition, the Treasury is obtaining new money from the sale of regular bills. Also, the Treasury announced that the $2 billion of 12 month bills maturing on April 15 will be rolled over with a similar obligation. Thus the government continues to use only the short-term sector of the market in its quest for new money. This is in line with the policy which was put forward by the Administration in its efforts to keep near-term yields from going down too far while at the same time long-term rates are to be "nudged" a bit in order to push them down slightly. By keeping the yield on bonds in an area which should be attractive to borrowers, it is hoped that funds will be obtained for non-Federal commitments. This should be favorable to the economy.

Pressure on Short-Term Interest Rates

The decision by the Treasury to raise $100,000,000 of new money through the medium of Treasury bills was a bit of a surprise to the money markets in face of the announcement recently that between $1,000,000,000 and $1,500,000,000 of new funds would be needed by the end of the month or in early April. However, the demand for short-term obligations has been, and still is strong, and the Treasury in face of this need for near-term issues by investors is able to take care of it by increasing slightly the offering of bills. How long this would be done in light of the current large scale new money raising venture of the Treasury was answered in a way by indicating that an additional $200 million might be borrowed in April by the use of Treasury bills.

Accordingly, it seems as though the Treasury is going to keep short-term yields from going down too far and one of the ways this can be done is by increasing the supply of the obligations that are so much in demand. As far as the major new money raising operation was concerned, the Treasury announcement which was made last week that it would be obtained thru the sale of $\$1\frac{1}{2}$ billion of tax anticipation bills due Sept. 22 was not out of line as far as the thinking of the thinking of the money market was concerned. The Treasury in so far as it can work out some semblance of a debt management policy was expected to stay in the short-term area in picking up new funds. By making use of a tax obligation the government again kept away from the intermediate and long-term sectors of the market. The middle-term maturities have been more or less in a state of flux because of the "leap frog" advance refunding operation which has just been completed.

"Advance Refunding" Offer Well Received

The unexpectedly large and favorable response to the Treasury's "Advance Refunding" brought turn-ins in excess of $6 billion. For the $3\frac{3}{8}$s due Nov. 15, 1966, the total subscriptions were $2,414,000,000, while for the $3\frac{5}{8}$s due Nov. 15, 1967 the exchanges amounted to $3,603,000,000. The higher yield ($3\frac{3}{8}\%$ and $3\frac{5}{8}\%$) that was available to the owners of the refundable issues evidently had considerable attraction for the smaller banks.

However, the long-term sector or the capital market has been left alone by the Treasury in its refundings as well as new money raising ventures. This has not been an unfavorable development as far as the offerings of corporate and tax-exempt bonds are concerned.

Corporate Market in Good Shape

At this time, however, it appears as though the corporate sector of the capital market has a better tone to it than does the tax-exempt sector even in spite of the increase in the number and the size of the new corporate bond flotations. The use of corporate bond financing for expansion or improvement purposes by these companies will in time have an influence on the trend of business since it should put people to work. This is one of the main objectives of the present Administration. These efforts to keep long-term interest rates on the lower side seems to be having a constructive influence on those who are seeking long-term capital. In addition, the tax structure is favorable toward the offering of bonds for capital purposes by corporations.

Also, as long as bond prices are to remain on the favorable side there will likely be some refunding of currently outstanding high coupon obligations.

Treasury $2\frac{1}{2}$s Attracting Investors

Even though the intermediate term issues do not appear to have as much attraction to investors as do the short-term securities, there is nonetheless an expanding interest in the World War II $2\frac{1}{2}$s. These obligations are finding what is being termed permanent homes in many portfolios.

The buying of the long-term $3\frac{1}{2}\%$ government bonds, according to reports, has been in most instances for the portfolios of public pension funds even though there have been cases where these commitments have been made for small insurance companies as well as private pension funds. According to advices, there are not too many of these bonds currently in the market for sale.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Uptown Headquarters Banking Office of **First National City Bank, New York,** opened for business, March 27.

The new banking office will be located at the Park Avenue-53rd Street corner of the building.

The official staff which will serve at the Uptown Headquarters Banking Office consists of the following: Thomas F. Creamer, Vice-President; Patrick F. Bowditch, Serge J. Hill, James W. Thomas and Nelson P. Wheeler, Assistant Vice-Presidents.

* * *

Ross Lizzio has been appointed Assistant Treasurer of **Chemical Bank New York Trust Company, New York.** Mr. Lizzio is with the Bank's Account Service Dept.

* * *

Irving Trust Company, New York announces the appointment of Fred E. Borchert, Jr., and Edward C. Rogers to Vice-Presidents.

Mr. Borchert, promoted from Assistant Vice-President, is in charge of the Bank's branch office at 21st Street and Fifth Ave. He joined Irving in 1954.

Mr. Rogers, who joined the Irving in 1960, is associated with the National Division. He was most recently a Vice-President of the Plainfield Trust State National Bank in Plainfield, N. J.

* * *

William A. Morgan has been elected a Senior Vice-President and a Director of the **Bankers Trust Company, New York, New York.** He will succeed Mr. Brian P. Leeb, who will retire.

Mr. Leeb has been elected a Director of New York Holding Corporation. This company proposes to link the **Bankers Trust Company** and the **County Trust Company of Westchester.**

* * *

Mr. Harold Bach, who has been Executive Vice-President and a Director of the **Commercial Bank of North America** for the past eight years, joins the **Royal State Bank of New York, New York** as Chairman of the Board of Directors of the Executive Committee.

* * *

Samuel C. Waugh was appointed Washington consultant for the **Bank of New York's** international department it was announced by Albert C. Simmonds Jr., Chairman of the Bank.

* * *

The election of Richard B. Goetze, to the Board of Trustees of the **Broadway Savings Bank, New York** has been announced by Thomas R. Cox, President.

* * *

The Board of Governors of the Federal Reserve System has given its approval to the application of the **Peoples Bank of Hamburg, Hamburg, New York,** for permission to merge with the **Bank of North Collins, North Collins, New York,** under the title of the **Peoples Bank of Erie County.**

* * *

The effective date of the merger of the **Madrid Bank, Madrid, New York** into the **St. Lawrence County National Bank of Canton, Canton, New York** under the title of the St. Lawrence County National Bank of Canton, New York, and which was approved by the Comptroller, is to be determined.

* * *

Byron K. Elliott has been elected a Director of the **First National Bank of Boston, Boston, Mass.**

* * *

Stockholders of the **State Street Bank and Trust Company, Boston, Mass.** and **Rockland-Atlas National Bank, Boston, Mass.** approved a merger of the institutions at separate meetings March 28.

The name will continue to be the State Street Bank and Trust Company.

William D. Ireland, President of State Street, and H. Frederick Hagemann Jr., President of Rockland, issued a joint statement expressing hope that authorization by government agencies would permit the merger to become effective April 17.

* * *

By a stock dividend, the **Manufacturers National Bank of North Attleborough, North Attleborough, Mass.,** has increased its common capital stock from $100,000 to $200,000, effective March 15. (Number of shares outstanding 20,000 shares, par value $10).

* * *

The Comptroller has approved an application to merge **Norwood Bank & Trust Company, Norwood, Mass.** into **South Shore National Bank of Quincy, Quincy, Mass.,** under the title of South Shore National Bank of Quincy. The effective date was March 17.

* * *

The Board of Governors of the Federal Reserve System has announced that it has approved the merger of the **Riverside Trust Company, Hartford, Conn.,** and **Broad Brook Bank and Trust Company, Broad Brook, Town of East Windsor, Conn.,** under the title of the Riverside Trust Co.

* * *

The First National Bank of Toms River, N. J. has declared a stock dividend of two-thirds of a share for each one share outstanding. Certificates representing the stock dividend will be forwarded April 24, to the shareholders of record March 22, without the necessity of surrendering for exchange the old certificates presently registered in their names.

* * *

The Mellon National Bank and Trust Company, Pittsburgh, Pa., has increased its common capital stock from $65,237,775 to $66,542,550, by a stock dividend, effective March 13. (Number of shares outstanding 2,661,702 shares, par value $25).

* * *

Robert J. Casey has been elected Vice-President of **Western Pennsylvania National Bank, Pittsburgh, Pa.** Mr. Casey is WPNB's director of public relations and advertising.

* * *

It has been announced that the Board of Governors of the Federal Reserve System have approved the merger of the **Farmers and Merchants Trust Company, Greenville, Pa.,** and **First Seneca Bank and Trust Company, Oil City, Pa.,** under the title of the **First Seneca Bank and Trust Company.**

* * *

The application to merge the **Georgetown State Bank, Georgetown, Ind.,** into the **Union National Bank of New Albany, New Albany, Ind.,** under the title of the Union National Bank of New Albany, has been approved by the Comptroller. The date of effect is expected to be March 25.

* * *

By a stock dividend, the **First National Bank of Waukegan, Waukegan, Ill.,** has increased its common capital stock from $300,000 to $600,000, effective March 15. (Number of shares outstanding 6,000 shares, par value $100).

The National Bank of Tulsa, Tulsa, Okla., has increased its common capital stock from $5,750,000 to $6,000,000, by a stock dividend effective March 15. (Number of shares outstanding 600,000 shares, par value $10).

* * *

By a stock dividend, the **Union National Bank in Kansas City, Kansas City, Mo.,** has increased its common capital stock from $1,500,000 to $2,000,000, effective March 15. (Number of shares outstanding 200,000 shares, par value $10).

* * *

By the sale of new stock, the **First National Bank of Jackson, Jackson, Miss.,** has increased its common capital stock from $2,613,600 to $3,136,320, effective March 15. (Number of shares outstanding 313,632 shares, par value $10).

* * *

By the sale of new stock, the **First National Bank of Greenville, Greenville, Miss.,** has increased its common capital stock from $200,000 to $300,000 effective March 13. (Number of shares outstanding 15,000 shares, par value $20).

* * *

By a stock dividend, **The First National Bank in Trinidad, Trinidad, Colo.,** has increased its common capital stock from $200,000 to $400,000, effective March 15. (Number of shares outstanding 40,000 shares, par value $10).

Edwin E. Adams, President of **The Bank of California, N. A., San Francisco, Calif.** announced the retirement of Eric I. Wallberg, Vice-President, as of April 1.

Mr. Wallberg began his banking career with The Bank of California in 1925 and was appointed Assistant Manager in 1944. He was advanced to Vice-President in 1953.

* * *

Elliott McAllister, Chairman of the Board of **The Bank of California, N. A., San Francisco, Calif.** has announced the following changes in the official staff:

Herbert S. Clegg, Jr., was named Manager of the Bank's new Tahoe City office, which will open for business about May 15.

* * *

The Bank of California, N. A., San Francisco, Calif., has received approval from supervisory banking authorities to establish a branch office at Tahoe City.

* * *

The common capital stock of **The First National Bank of Orange, Orange, Calif.** has been increased from $400,000 to $500,000 by a stock dividend effective March 15. (Number of shares outstanding 40,000 shares, par value $12.50).

* * *

The First National Bank of Holtville, Holtville, Calif., has increased its common capital stock from $100,000 to $200,000, by a stock dividend, effective March 17. (Number of shares outstanding 20,000 shares, par value $10).

* * *

Sidney G. Butler, a Vice-President of **Morgan Guaranty Trust Company of New York,** has been elected a Director of **Trust Corporation of Bahamas Limited of Nassau, Bahamas.**

Mr. Butler is in Morgan Guaranty's international banking division. Morgan Guaranty International Banking Corporation, a subsidiary of Morgan Guaranty, owns a minority interest in Trust Corporation of Bahamas Limited.

Chaplin, McGuiness To Admit Partner

Chaplin, McGuiness & Co., members of the New York and Pittsburgh Stock Exchanges, on April 1 will admit Paul R. Estes to partnership. Mr. Estes will make his headquarters at the firm's New York office, 40 Wall St.

Laidlaw & Co. To Admit Partner

Laidlaw & Co., 25 Broad St., New York City, members of the New York Stock Exchange, on May 1 will admit Peter L. A. Folliss to partnership.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

WACHOVIA BANK & TRUST COMPANY (NORTH CAROLINA)

Repetition of the 1960 merger trend among North Carolina banks is indicated for 1961. Four of the 21 1960 mergers by the nation's 100 largest banks occurred in North Carolina. *North Carolina National Bank*, Charlotte, became the fourth largest bank in the Southeast as the result of a merger of *American Commercial Bank*, Charlotte, and *Security National Bank*, Greensboro, in June, 1960. In October, 1960, *Merchants & Farmers Bank*, Statesville, merged with North Carolina National Bank. On Dec. 30, 1960, *First National Bank of Winston-Salem* merged with National. Year-end deposits of $461.5 million won for North Carolina National the rank of the 60th largest bank in the nation.

Wachovia Bank and Trust Company, the largest bank of the Southeast and 39th largest in the United States, merged *Guaranty Bank & Trust Co.* ($45 million deposits) in May, 1960. Thus far this year two other mergers have been announced. On Jan. 4, 1961, merger with *Commercial National Bank*, Kinston, ($12 million deposits) with offices in three communities became effective. This month the directors of *First National Bank*, Thomasville and *Wachovia* approved a consolidation. Special meetings have been scheduled on April 13 for stockholders' approval. The Thomasville bank has total resources exceeding $13 million and deposits of $11.6 million. Each five shares of First National will be exchanged for four shares of Wachovia stock.

Founded in 1879, Wachovia presently has 73 offices in 28 communities including Asheville, Burlington, Charlotte, Durham, Goldsboro, Greensboro, High Point, LaGrange, Raleigh, Salisbury, Wilmington and Winston-Salem. Based at Winston-Salem, Wachovias' many offices serve the strong industrial growth and diversified agricultural needs of North Carolina. New South Insurance, an affiliate, deals in auto insurance. During 1960, the first International Department in a bank in the Carolinas was established.

Statement of Condition
(In Millions of Dollars)

	—Dec. 31, 1960—		December 31 1959	1958	1957
ASSETS—					
Cash	$244.7	30.4%	27.1%	27.5%	30.9%
U. S. Governments	115.7	14.4	14.1	17.3	14.3
Other securities	53.1	6.6	6.7	6.4	6.1
Loans	370.8	46.0	49.1	46.0	46.4
Other assets	21.9	2.6	3.0	2.8	2.3
	----	100.0%	100.0%	100.0%	100.0%
Total assets	$806.2	----	$658.1	$622.5	$543.7
LIABILITIES—					
Capital funds	$52.3	6.5%	6.7%	6.7%	6.5%
Deposits	680.8	84.4	89.8	89.5	90.6
Reserves	5.7	0.7	0.4	0.7	0.7
Other liabilities	67.4	8.4	3.1	3.1	2.2
	----	100.0%	100.0%	100.0%	100.0%
Total liabilities	$806.2	----	$658.1	$622.5	$543.7

Selected Per Share Statistics*

Year—	Net Oper. Earnings	Dividend	Book Value	Approx. Bid Price Range	Avg. P/E Ratio	Shares Outstanding
1961	---	$0.50	----	30 - 25	---	------
1960	$1.58	0.50	$12.91	26 - 19	14.2	4,053,000
1959	1.57	0.40	11.74	21 - 19	12.7	3,786,000
1958	1.21	0.40	11.08	22 - 16	14.2	3,786,000
1957	1.16	0.35	9.73	18 - 14	13.7	3,606,000
1956	1.29	0.33	9.19	19 - 15	12.0	1,202,000
1955	1.10	0.32	8.53	19 - 10	12.7	1,094,000

*Adjusted for 200% stock dividend paid in 1957.

Management has described 1960 as the most successful year in the 81-year history of the bank. Record breaking growth in deposits, resources, capital and surplus, earnings and trust assets were reported. At the end of 1960, capital and surplus totaled $50.3 million, an increase of 21% over 1959. During the past 15 years capital funds have quadrupled without having shareowners purchase any additional stock through offerings. Deposits during 1960 increased by nearly $90 million to a total of $680.8 million. The gain in loans was from $323.2 million in 1959 to $370.8 million in 1960. Total assets gained $148 million over a year ago. Trust assets had a healthy increase of $135 million to $935 million, the largest of any bank in the South. In recent years Wachovia has become strong in the correspondent banking field; such accounts represented 18% of total deposits at the end of 1960. Although mergers have accounted for considerable growth in assets, internal expansion has been among the most progressive in the banking industry.

Income from loans is by far the greatest contributor to earnings. Total gross earnings were 14% above 1959 for 1960; the per share operating earnings remained about unchanged due to the increase in shares outstanding. After tax operating earnings were $1.58 per share, compared with $1.57 per share for 1959. At the recent price of 30, a low yield of 1.7% is obtained on the present 50 cent dividend.

The stock of Wachovia has registered one of the strongest growth performances in the bank stock market. Statewide service has been offered since 1902 and in more recent years the number of branches has increased rapidly to blanket the State of North Carolina. Services leading toward a stronger national and international position are rapidly unfolding. This equity offers investment participation in one of the fastest growing regions of the nation, the Southeast.

Economic Outlook, Costs And Industrial Relations

Continued from page 7

the hope of outguessing the next surge of price inflation. Price stability has been a major achievement. That it has not been accompanied by even larger disturbances to the economy than those described earlier is the real news concerning our economy in recent months.

Whether we will have a renewal of the inflationary spiral in 1961 will depend to a large extent upon the types of programs proposed by the new Administration and accepted by the Congress. However, powerful barriers against a significant price inflation are provided by the large supplies of goods available, the excess capacity, and the lagging tendencies in the economy.

(3) The *international balance of payments* has resulted in the accumulation of large credit balances by foreigners and a large *outflow of gold*. This represents a fundamental change in our international position. A continued outflow of gold from this country would represent a real threat to the stability of the dollar and to our own economy. Such a development will be harmful both to ourselves and to the rest of the world.

Moreover, because of the gold outflow our ability to utilize monetary policy as a countercyclical device has been weakened. Some of the credit balances accumulated by foreigners move from country to country in response to differentials in interest rates. If we want to counter recessionary developments in our economy by lowering interest rates we must recognize that such a move may be accompanied by an accelerated outflow of gold with the resulting loss of confidence in the stability of our own economy.

To reverse this adverse balance of payments we will have to reconsider the policies adopted to meet the early post-war dollar shortage. This means a careful reappraisal of our foreign aid program, a revision of the tax incentives given to encourage investment abroad, a reduction in the amount of duty-free goods tourists may bring back home, and related programs.

(4) American industry has been developing a tougher attitude toward increases in *labor costs*. Throughout the earlier post-war years, the ability to pass higher costs on to the consumer in the form of higher prices apparently made many companies and industries reluctant to fight vigorously against excessive increases in labor costs. The inability to control costs during the 1958 recession came as a rude shock to many companies. One consequence has been a stiffening of attitude toward excessive increases in wages and non-wage benefits and the initiation of a drive against make-work rules and featherbedding, both of which add unnecessarily to costs.

The changes in average hourly earnings in all manufacturing industries between 1945 and 1960 are shown below:

Changes in Average Hourly Earnings—All Manufacturing

	Average Hourly Earnings	Cents	%
1945	$1.02	--	--
1946	1.09	7	6.9
1947	1.24	15	13.8
1948	1.35	11	8.9
1949	1.40	5	3.7
1950	1.47	7	5.0
1951	1.59	12	8.2
1952	1.67	8	5.0
1953	1.77	10	6.0
1954	1.81	4	2.3
1955	1.88	7	3.9
1956	1.98	10	5.3
1957	2.07	9	4.5
1958	2.13	6	2.9
1959	2.22	9	4.2
1960	2.29	7	3.2

Percentage increases have been smaller in recent years. Even more important are the signs of some progress against featherbedding including the following. In Detroit, painters agreed to eliminate premium pay for using rollers. In Chicago, plumbers have agreed to remove restrictions on the use of power tools and to permit cutting, welding, and threading of pipes off the job site. Longshoremen have agreed to the introduction of containers. Railroads and the operating employees are presenting data concerning featherbedding to a Presidential Commission. Study groups have been set up in the steel industry and by Armour. Crew sizes have been reduced by several important companies.

It is probable that in the period ahead there will be a further intensification of the resistance against excessive wage and other labor cost increases. If this development should occur one result would be a further modification of the magnitude of wage inflation. This would make it much easier to continue to have relative price stability.

(5) In the postwar years we have experienced a truly sensational increase in the amount of *credit outstanding*. From the end of 1945 to the end of 1959 total private debt increased from $139.9 billion to $547.5 billion or an increase of 291.4%. It is an eye opener to compare this increase with that which took place during the 1920's, a period which many students describe as having experienced an excessive expansion in credit. Total private debt increased from $91.5 billion in 1918 to $161.2 billion in 1929 or a rise of 76.2%. In other words, the relative increase in the volume of debt has been almost four times as rapid since the end of World War II than in the post-World War I period.

Some of the changes are shown below:

End of Year	State & Local Debt	Corporate Debt	Non-farm Mtge. Debt: 1-4 fmly. Residntl.	Non-farm Mtge. Debt: Multifmly. Residntl. & Comercl.
	in billions			
1945	$13.7	$85.3	$17.7	$9.3
1950	20.7	142.1	42.9	16.5
1955	38.4	212.1	83.8	24.9
1958	50.9	255.7	111.8	32.8
1959	55.6	281.7	124.4	36.4

Non-farm mortgage debt increased from $27 billion at the end of 1945 to $160.8 billion at the end of 1959. During the same period state and local debt rose from $13.7 billion to $55.6 billion and total corporate debt from $85.3 billion to $281.7 billion. These increases have taken place within an economy that has grown very rapidly. Nevertheless, a larger proportion of the average family's income is now required to service debt than ever before. In light of their tremendous inventories of durable goods, consumers may be reaching the point where further expansion of this debt will be slowed up significantly. A reduction in the rate at which debt is created would represent a new factor affecting total demand which has not characterized our economy in the earlier postwar years.

(6) This combination of factors has meant *narrower profit margins*. This result has followed unavoidably from the intensification of competition. To the extent that profit margins and total profits are reduced, undistributed profits also declined. This development can curtail expansion because such funds have played a significant role in financing new capital investment. Moreover, it must be noted that a narrowing in profit margins reduces the incentive for such expansion.

These six developments have contributed to the sluggishness of the economy in the past two years and help to explain the less exuberant recovery after the 1958 recession. They have affected our rate of growth and in turn the ability to create new job opportunities for our expanding labor force. The rise in unemployment has reflected primarily the failure to increase job opportunities as rapidly as the labor force expands. This is why we have found month after month the volume of employment and unemployment both higher than a year earlier.

These six factors indicate a modified economic environment in which business decisions will be made over the next year and longer. On balance they could result in a sounder basis for long term economic growth than that which prevailed in the past 15 years. Nevertheless, their modification will eliminate some of the yeast like elements which have played so important a role in recent years. The competitive struggle will be more intense.

Factors Affecting the Outlook

An examination of the major segments of the economy reveals neither areas of marked strength nor of marked weakness.

State and local spending continues to expand at an annual rate of about $3 billion annually. At the polls in November, 1960 the voters approved about $3.2 billion of the tax-exempt bond proposals presented. This was well over 90% of the bonds that were in the ballot. The largest amount approved was the $1.7 billion water bond issue in California. A

continuation of expansion in this area seems assured.

Personal income after taxes rose steadily until the fourth quarter with a fractional decline in the past few months. The total in the fourth quarter was $358.1 billion or 4.6% higher than a year earlier. A significant reduction in personal incomes does not seem probable. While there has been a small reduction in labor incomes, this has been largely offset by increases in government payments for old age security and unemployment. Total consuming spending will be well maintained. Expenditures for services should continue to rise but little change is anticipated in the purchases of goods with smaller purchases of durable goods offset by larger purchases of non-durables.

Residential housing starts fell from an annual rate of about 1,600,000 starts in the spring of 1959 to 984,000 in December, 1960; in January the rate was 1,098,000. Greater availability of credit and some decline in interest rates could act as a small stimulus to new housing starts. On the other hand, the demand for housing is weakened as the backlog has been filled and as family formation has declined. One evidence of the weaker demand is the rise in the vacancy ratio. Conditions favor a continuation of easier credit and thus housing starts will probably rise from the current depressed level in 1961.

New plant and equipment expenditures reached a peak during the second quarter of 1960. Since then they have continued to decline. By the first quarter of 1961 the decline was about 5%. Declining profit margins, ample capacity in many industries, and lower undistributed profits will offset the stimulating effects of small declines in long term interest rates and modernization to cut costs. Some declines have been recorded in capital appropriations by industry and hence a decline of several percent in plant and equipment expenditures is probable through the first half of 1961. However, the latest SEC-Commerce survey reported that "Present plans for 1961 point to a mild increase in capital expenditures in the latter half of the year."

Inventories already have swung from an accumulation rate of about $11½ bililon early in 1960 to a liquidation rate of about $3 billion in the last quarter. With this swing of $14.4 billion, most of the adverse effects of inventory adjustment have already taken place. This has been *the* most important factor influencing the economy during this period. While some further inventory liquidation is probable, this area should shift to a plus factor later in 1961. It could be one of the important expansionary forces in the second half of the year.

Exports rose sharply in 1960 while merchandise imports remained at about the 1959 levels. As a result the excess of exports over imports increased to the highest level in the postwar period, excluding 1957 which was overstimulated by the Suez crisis. However, some decline in exports would not be surprising because boom conditions abroad have shown signs of tapering off.

Federal spending has been inching upward in recent months. It is probable that a further rise of several billion dollars will take place in 1961 as the new Administration seeks to achieve its announced goals and as armament spending rises.

Unfilled orders of manufacturers have declined from $51.5 billion in December 1959 to $45.7 billion in December 1960. December 1959 total was inflated by the effects of the steel strike and hence part of the recent decline has reflected the aftermath of the strike. Nevertheless, new orders were below sales in every month last year except September. Such a relationship is not conducive to a vigorous upturn in economic activity. These data require careful watching in the months ahead for clues as to the underlying strength of the economy.

Money Rates — Since early in 1960 the Federal Reserve has acted to ease credit. On several occasions during the year it took steps to increase the reserves of the member banks. The rediscount rate was reduced twice. Other money rates also declined. In the winter of 1960-61 mortgage money was available in somewhat larger supply than a year ago but interest costs have not yet declined significantly. The efforts now being made to reduce long-term interest rates should have some modest effect. However, a major reduction in such rates is not anticipated.

The Outlook for 1961

A balancing of these factors suggests that we will not move far from the high level plateau of economic activity on which we have been perched for the past six months. During this period, a sounder base is being created for further economic growth which from the longer-term point of view is hampered rather than stimulated by inflation. Although business activity in the first half of 1961 should continue to be sluggish, some upturn in the latter part of the year is probable.

Public policy will be significantly influenced by the volume of unemployment. The present high totals reflect in part seasonal factors. A continuation of 5 to 5.5 million unemployed in the late spring undoubtedly would trigger new programs to meet this problem. If such programs become necessary, I would favor tax reductions and tax reform rather than massive new spending programs.

Finally, it must be emphasized that the present unemployment situation does not provide the background for increases in wages and other labor costs. Proposals to raise wages give undue emphasis to the purchasing power aspects of wages and no attention to the critical cost raising aspects. But at times like the present, costs are a primary factor in business planning. If big business concerns were to raise prices when they had a large surplus supply on hand, there would be immediate charges of monopoly and profiteering from Congressional and other sources. Just as price increases are inappropriate when there is a large supply of goods available so general wage increases should not take place when there is a large surplus of labor. The price of labor also is influenced by basic conditions of supply and demand. A respite in the annual increases in wages and labor costs would contribute to recovery and to the reduction in unemployment.

*An address by Mr. Backman before the Associated Industries of Cleveland, Ohio, March 9, 1961.

Form Steele Investment Co.

(Special to THE FINANCIAL CHRONICLE)

ROCKINGHAM, N. C.—Robert L. Steele is engaging in a securities business from offices in the Farmers Bank Building under the firm name of Steele Investment Co. Mr. Steele was formerly with Thomson & McKinnon.

Form T. A. D. Inc.

BOSTON, Mass.—T. A. D., Inc. has been formed with offices at 74 State Street to engage in a securities business. Officers are William H. Claflin, III, President; Joseph W. Menges, Treasurer; John H. Perkins, Secretary; and John C. Maxwell, Chairman. Mr. Menges was formerly with Elmer H. Bright Co. The other officers are partners in Tucker Anthony & R. L. Day.

STATE OF TRADE AND INDUSTRY

Continued from page 16

are improving, and the rise comes from a broad cross-section of users.

Market analysts look for a 6% to 8% increase in steel output and shipments in April, sparked mainly by seasonal factors. Ingot production this week is expected to equal the 1,574,000 tons that *Steel* estimates the industry poured in the week ended March 25.

Sales by steel service centers are 10% over the November-December average.

The scrap price surge continues. *Steel's* composite price on a prime grade of steel scrap has jumped $4.67 in a month. It went up $1 to $38.67 a gross ton last week.

In spotchecking the new order situation, *Steel* found most metalworking managers optimistic:

Copper and brass orders increased early in March at a mill in the East. Aluminum orders also picked up enough to cause a lengthening of delivery leadtimes.

Auto dealers in five metropolitan areas believe the slump is over in the retail auto market. Sales are up 75% from February for some dealers. But industry observers say inventories are still high. If the sales pace continues, it'll still be six to eight weeks before a substantial increase in production schedules will be made by auto makers.

A Chicago maker of steel strapping said March sales are slightly over those of the previous two months.

A Pittsburgh maker of appliances says major appliances sales in several areas are normal for the season, up 10% to 12% from February's.

Oil country requirements are expected to boost sales for a metal forge and tool maker by 10% in March.

A Cleveland manufacturer of industrial electrical equipment says booked orders have been on a higher level since December.

The magazine noted that optimistic replies were tempered occasionally by other comments that new orders are holding steady or showing a slight dip.

Steel reported that manufacturers' sales in the metalworking industry climbed to a record $148.9 billion in 1960 despite the recession that set in early in the year.*

*This metalworking sales figure is included in the latest edition of *Steel's* Metalworking Facts and Figures. The 48-page report is the most complete, single source of metalworking data available anywhere. A copy will be sent with *Steel's* compliments.

The 1960 figure is 2.6% above the previous record, $145 billion attained in 1959. Sales were at an average annual rate of $156.3 billion in the first half of 1960, $141.5 billion in the second half.

Steel Production Data for the Week Ended March 25

As previously announced (see page 26 of our issue Dec. 22) the American Iron and Steel Institute has materially changed its weekly report on the steel industry operations. The revised formula no longer relates production totals as a percentage of the industry's operating rate based on the Jan. 1, 1960, overall productive capacity. Instead, and effective Jan. 1, 1961, the output figures are given as an index of production based on average weekly production for 1957-59.

The revised method of reporting presents the following data:

Production for week ending March 25, 1961, was 1,611,000 tons (*86.5%), previous week's output of 1,574,000 tons (*84.5%).

Production this year through March 18, amounted to 18,326,000 tons (*82%), or 43.0% below the 32,123,000 tons (*143.7%) in the period through March 26, 1960.

The Institute concludes with Index of Ingot Production by District, for week ended March 25, 1961, as follows:

	*Index of Ingot Production for Week Ending Mar. 25, 1961
North East Coast	89
Buffalo	66
Pittsburgh	79
Youngstown	71
Cleveland	70
Detroit	92
Chicago	94
Cincinnati	87
St. Louis	104
Southern	100
Western	108
Total Industry	86.5

*Index of production based on average weekly production for 1957-59.

Electric Output 1.6% Higher Than in 1960 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 25, was estimated at 14,291,000,000 kwh., according to the Edison Electric Institute. Output was 4,000,000 kwh. below that of the previous week's total of 14,295,000,000 kwh. and 229,000,000 kwh., or 1.6% above that of the comparable 1960 week.

Car and Truck Production Climbing

Ward's Automotive Reports said car and truck production in U. S. plants increased 17.8% in the week ended March 25 and predicted another gain for the current week, keeping the auto industry abreast of its production target for this month.

The "on target" March production coupled with the upturn in mid-month sales in effect says the industry's winter auto market slump in both production and in sales has bottomed out, *Ward's* said. Signs of increasing strength are expected to become more evident as production schedules for April-June are firmed up, although future adjustments can be expected.

Production of 108,792 cars and trucks last week climbed 17.8% above 92,372 for the earlier period, keeping the industry "on target" for its half-million unit production schedule for March. The statistical service estimated approximately 400,000 passenger car and 96,000 truck completions for entire March, depending upon extent of the work day this week on Good Friday.

The outlook, *Ward's* said, is for nearly 1,180,000 car and 262,000 truck completions for the January-March quarter—59% and 69% respectively, of the 1960 first-quarter level.

The reporting service, however, noted that while car output is running at 59% of last year's level, sales are running closer to 80% of January-March of last year, reflecting production dislocation due to adjustment of dealer inventories.

Ford Motor Co. closed 11 of its 16 plants last week but will be back at close to full strength this week with only the Ford-Mercury plant at Los Angeles and Ford at St. Paul idled, affecting 2,800 workers. An additional 2,900 workers at Ford's Sandusky, Ohio and Ypsilanti, Mich. auto hardware plants also will be idle this week. However, Chrysler Corp. is anticipating steady operations which, along with GM Corp. and Ford will elevate the industry's operations.

Also idled this week were Chevrolet plants at Norwood, Ohio and Baltimore, Md. In addition, Studebaker-Packard Corp. worked four days.

Carloadings Down 12.9% From 1960 Week

Loading of revenue freight in the week ended March 18, 1961, totaled 506,583 cars, the Association of American Railroads announced. This was a decrease of 74,911 cars or 12.9% below the corresponding week in 1960, and a decrease of 97,302 cars or 16.1% below the corresponding week in 1959.

Loadings in the week of March 18 were 14,001 cars or 2.8% above the preceding week.

There were 10,969 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended March 11, 1961 (which were included in that week's overall total). This was a decrease of 106 cars or 1% below the corresponding week of 1960 but an increase of 3,260 cars or 42.3% above the 1959 week.

Cumulative piggyback loadings for the first 10 weeks of 1961 totaled 101,157 for a decrease of 61 cars below the corresponding period of 1960, but 31,934 cars or 46.1% above the corresponding period in 1959. There were 58 class I U. S. railroad systems originating this type traffic in the current week compared with 51 one year ago and 46 in the corresponding week in 1959.

Intercity Truck Tonnage Off 3.9% From 1960 Week

Intercity truck tonnage in the week ended March 18, was 3.9% less than that of the corresponding week of 1960, the American Trucking Associations, Inc., announced. Truck tonnage was less than 1% ahead of the volume for the previous week of this year—up 0.8%.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Trucking Net Income Off 47.4% In 1960

Net income of the nation's major intercity trucking firms fell by 47.4% last year, although gross revenues rose slightly, the American Trucking Associations reported on March 27.

The ATA's Research Department, working from reports filed by 2,666 trucking companies which earn more than $200,000 a year, found that last year the gross revenues amounted to $5,796,000,000. That was 3.3% more than the same firms grossed in 1959.

The decline in net income after taxes was 55.4% below the total for the previous year, the American Trucking Associations said.

Lumber Shipments Rise 8.2% Over 1960 Volume

Lumber production in the U. S. for the week ended March 18, totaled 216,811,000 board feet, the highest level this year, compared with 200,435,000 board feet in the prior week, according to reports from regional associations. A year ago the figure was 250,517,000 board feet.

Compared with 1960 levels, shipments rose 8.2% and orders climbed 30.5%.

Following are the figures in thousands of board feet for the weeks indicated:

	Mar. 18, 1961	Mar. 11, 1961	Mar. 19, 1960
Production	216,811	200,435	250,517
Shipments	247,763	210,664	228,950
New orders	276,278	255,849	211,772

Slight Dip in Business Failures Recorded

Commercial and industrial failures dipped to 359 in the week ended March 23 from 363 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties continued considerably above a year ago when there were 286 or in 1959 when there were 297. Also, the current toll ran 3% higher than the prewar level of 350 in the comparable week of 1939.

Continued on page 34

STATE OF TRADE AND INDUSTRY

Continued from page 33

Failures with liabilities of $5,000 or more increased to 331 from 314 in the previous week and 255 last year. All of the week's decline took place among small casualties, those involving losses under $5,000, which fell to 28 from 49. Forty-seven of the failing businesses had liabilities in excess of $100,000 as against 51 in the preceding week.

Wholesale Food Price Index Slips to New 1961 Low

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined slightly on March 28 for the second time in a row, hitting $6.03, the lowest level so far this year. It was down 0.2% from the prior 1961 low of $6.04 set a week earlier, but it was up 1.9% from the $5.92 of the corresponding date last year.

Commodities quoted higher in wholesale cost this week were flour, cheese, cottonseed oil, cocoa, prunes and steers. Lower in price were wheat, corn, oats, beef, hams, bellies, lard, butter, milk, coffee, eggs, potatoes, hogs and lambs.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Dips Somewhat in Latest Week

After setting a new high for the year of 271.72 (1930-32=100) on Tuesday, March 21, the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., dipped somewhat and finished at 271.11 on Monday, March 27. This compared with 271.69 a week earlier and 274.85 on the corresponding date a year ago. Declines from the prior week in some grains, lard, coffee, hogs, steers and rubber offset increases in flour, steel scrap and tin.

Retail Sales Up Moderately Over Year Ago

Increased buying of Easter merchandise helped over-all retail trade in the week ended March 22 climb moderately over the similar calendar week last year. The results, however, were a little disappointing to many storekeepers, since Easter shopping last year was not yet in full swing. Year-to-year gains in apparel, furniture, and food products offset declines in linens, floor coverings, some appliances, and new and used passenger cars.

The total dollar volume of retail trade in the week ended March 22 was 3% to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1960 levels by the following percentages: New England +7 to +11; East South Central +6 to +10; West North Central +5 to +9; Middle Atlantic +4 to +8; West South Central +3 to +7; East North Central +2 to +6; South Atlantic and Mountain 0 to +4; Pacific Coast —4 to 0.

Nationwide Department Store Sales Up 9% From 1960 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended March 18, 1961, showed an increase of 9% above the like period last year. For the week ended March 11, an increase of 10% (revised) was reported. For the four weeks ended March 18, 1961, a 13% gain was reported.

According to the Federal Reserve System, department store sales in New York City for the week ended March 18 showed a 7% increase over the same period last year. In the preceding week ended March 11 sales showed an increase of 10% from the same week in 1960. For the four weeks ended March 18 a 17% increase was reported above the 1960 period, while Jan. 1 to March 18 a 3% decrease occurred.

Effects of Slowed Growth in Commercial Banking in '60s

Continued from page 15

August was the highest since January 1930. The maintenance of a wider gap between bank lending charges and open market interest rates should provide even greater incentive to avoid bank borrowing through the issuance of open market paper and may well restore the commercial paper market to the relative importance it had in the 1920's.

Of course for the volume of commercial paper, bankers acceptances, and other open market instruments to rise markedly without boosting interest rates sharply on these instruments the demand for such securities will have to rise. If the assumptions of this paper prove true, this increased demand is also likely to develop. For with a decline in the ratio of Federal debt to Gross National Product in the face of the higher cash positions desired by non-financial corporations as sales grow, the growth of financial intermediaries, the large amount of foreign money being maintained in short term dollar claims, and the rise in direct investment by individuals, a less ample supply of liquidity instruments could well develop.

Thus, unless the Treasury allows the portion of the national debt consisting of short term securities to rise much further, there will be many holders of funds looking for just such liquid instruments as commercial paper, bankers acceptances and other forms of open market paper.

In 1959, only 335 qualified firms sold commercial paper through dealers compared with nearly 4,400 in the 1920's, while such borrowers have not exceeded 450 in number in any postwar year.[5] In small part this has been caused by the ability of the strongest borrowers to sell their paper directly to the public. But in the main the decline in number of borrowers has been caused by an inability to tap the open market for lack of a financial reputation, a shortage of buyers for commercial paper, or the lack of need due to ready bank accommodation without too much rate disparity. Now with funds more available due to the lessened absorption into Treasury instruments and the rising volumes of investable funds, there will be more incentive to sell such paper. The commercial paper market and the other impersonal short term fund markets should thus grow as those companies strong enough to tap open market funds try to lessen short term borrowing costs by turning away from bank credit when possible. The development recently of financing subsidiaries of several companies able to sell commercial paper directly points up this trend.

5 "Use of Commercial Paper to the Fore," *Monthly Business Review*, Federal Reserve Bank of Cleveland, Oct., 1960.

More Liquid Municipals

An additional result of the developing shortage of liquidity instruments and the growing availability of short term open market funds is likely to be more attempts by states and municipalities to sell their obligations as vehicles for liquidity. While the Federal debt is not likely to grow as rapidly as the economy, there is every indication that the state and local governments' burdens are rising rapidly and that the volume of securities they sell should continue to expand.

In the future, then, as states and municipalities see other borrowers obtain lower rates by tailoring their borrowings to serve as liquidity instruments, there should develop attempts by these public bodies to do the same. Thus when yield levels are high, greater reliance may well be placed on shorter term obligations and on dollar bonds of single maturity date, whose market is usually broader than that of serial obligations.

Additional efforts at making municipal bonds more marketable and liquid may also include greater use of joint borrowing, under which several communities or school districts combine their borrowing authority to develop a better rated obligation and larger issue. Whether the need for more marketable municipal bonds to serve as liquidity instruments will be a spur to the metropolitan government movement, however, is hard to predict.

Another effect of the lessened ability of the banks to accommodate all potential borrowers will be a further expansion of the financing of smaller companies by their larger suppliers in the more competitive industries through more liberal credit policies on accounts receivable. Since the larger companies are certain to have greater access to open market borrowing, this practice may thus become a way for the smaller companies to replace bank loans with open market financing despite their own inability to tap such fund sources.

The inability of the smaller firm to obtain lower borrowing costs through the open market may also serve as an incentive to merger.

Extension of Government Financing Help

A further result of the increased disparity between bank rates and open market interest rates is likely to be intensified efforts to provide small business with needed funds through extension of the Small Business Administration's role in finance and through other governmental aids. Such developments are really means of tapping the open market through the use of the Federal Government's credit standing when the potential borrower cannot tap these funds on his own.

Finally with business loan demand high and banks unable to satisfy all legitimate demands due to slowed deposit growth, there is bound to be a rise in the attempts of savings and loan associations, mutual savings banks, credit unions and other financial institutions to increase their role in providing such credit. In the past business credit issued by savings and loan associations especially has generally been provided with real estate liens as security. Thus unless investment policies and regulations are changed and they are granted new powers, this is likely to remain the main way in which additional business credit will be granted.

Naturally all these reactions to a disparity between bank lending charges and open market interest rates should go a long way toward countering the disparity as borrowers turn from the banks to the open market. But with the counter movement of the gap between rates will also have come the above-mentioned changes in financial practices and instruments. The financial sector and even a few non-financial elements of the economy will thus be affected by the slowing trend in bank deposit growth in the 1960's. Naturally, the effects on the commercial banks themselves will be even more intense.

III

Implications for the Banks

The velocity of money has risen markedly since the end of World War II, first as the liquidity built up in the economy during the war was slowly used up, and then as business tried to offset the effects of the tight money policies of 1955-1957 and 1959 - early 1960. This speed-up in the velocity of money has been facilitated by the expansion of commercial paper and acceptances outstanding, by the rise in non-financial corporations' holdings of Treasury bills, bank time deposits and other forms of near money, and by the reduction in the size of bank demand deposit balances of the corporations making more effective use of their cash. Already, then, the banks are doing more work for the deposit dollar than was the case in years past. And with the rise in the use of open market instruments expected in the 1960's, the velocity of money would have to rise further. It is doubtful if the rise in velocity from here on can match the pace seen in recent years, but further work for each dollar of demand deposits held appears destined to befall the banks in the 1960's.

Part of this continued expansion of velocity can be attributed directly to innovations the banks have developed in their effort to attract deposits. New services such as lock box operations and faster collection of checks will help to speed velocity even faster. Installation of automation equipment in non-financial corporations will also bring more efficient cash utilization and increase deposit velocity.

The merger movement in the banking industry has also served to increase velocity, for it has enabled many corporations to cut down on the amount of cash kept on deposit at commercial banks. Large corporations often maintain deposits at each major bank in their headquarters' cities and in prime financial centers in order that they can obtain all the financial services available. Many correspondent banks also maintain duplicate deposits at banks in large financial centers for the same reason. The bank merger movement, particularly in large centers, has thus given these corporations and correspondent banks a chance to receive all the services formerly obtained while maintaining smaller amounts on deposit as compensation.

In the area of individuals' deposits the banks also are finding some disturbing trends. The growth of check credit plans has enabled many individuals to command funds at will and draw checks without actually having funds on deposit. Thus there is a real question as to the adverse effect of these plans on bank deposit growth.[6] The expansion of instalment credit has also reduced the necessity for bank deposits and appears to be a factor in the ability of individuals to get along with less dollars on deposit and faster turnover of each dollar.

Deposits now held to facilitate credit accommodation, however, should not be reduced greatly despite the further growth of commercial paper, bankers acceptances and other open market instruments as a source of funds for large corporations. Corporations are always anxious to backstop open market borrowing with bank lines of credit for those periods when open market fund sources dry up, so bank deposits are not likely to be cut further solely on account of a greater usage of open market paper. True, the bank deposit will serve as a sort of insurance policy, but it will be a bank deposit. To this extent, at least, the trend toward lesser deposits and greater turnover will be stayed.

6 See, for example, E. Sherman Adams, "Measures to Sustain Banks. Profit Position," *Commercial and Financial Chronicle*, Dec. 10, 1959.

Predicts Faster Deposit Velocity

On balance, though, it appears that the developments in the banking industry will lead to an even faster rate of turnover of deposits than at present and that the Federal Reserve will have to offset the effects of this by limiting deposit growth more than would otherwise be the case. And while this restriction on deposit growth in the face of strong loan demands will be hard enough for the banks to bear, if past experience is any judge, the banking system will also be faced with pressure from their customers and the general public because of their inabality to satisfy every legitimate request for credit accommodation in periods of active credit restraint.

IV

What the Banks Can Do About This

By and large, the banks cannot prevent the trends that slower deposit growth is bringing, as they are the result of legal provisions that give tax and regulatory advantages to mutual savings institutions and the use of pressure on bank reserves as the main means of instituting controls over the business cycle.

There are, however, a number of approaches that banks are beginning to use or can develop to offset some of the effects of the current deposit trends.

One reaction that appears certain to continue is the movement toward higher loan to deposit ratios. The average loan to deposits ratio of all member banks has already grown from 34% in 1950 to 58% this year and has even reached just under 70% in the large New York City money market banks.

To be sure the growth of the ratio will be furthered by the reductions in reserve requirements that should be approved as the banks and the economy expand, but basically the greater emphasis on loans will be necessary to satisfy as much of the loan demand as possible and get the highest possible return. Also with open market interest rates further below loan charges, banks will have less incentive to keep investments as a basic liquidity reserve. The banks will thus become basically lending institutions again as they were in the 1920s.

A further development may well be the channeling of savings consumer loans instead of mortfunds into business loans and gages and other longer term investments. This would certainly violate the current trend of many banks in asset allocation. But the use of time deposit funds for business loans would lead to a creation of sorely needed demand deposits through the compensating balance requirement, while this modification of asset allocation procedures would also achieve an extremely important goal—the satisfying of as much of the legitimate demand for bank credit for business as possible. In this connection Reserve Board Governor A. L. Mills' warning that banks must fulfill their short term community lending duties was a comment meriting utmost consideration.[7]

Since the banks will do more work for the deposit dollar, it

7 A. L. Mills, "Past, Present, and Future," *Commercial and Financial Chronicle*, Nov. 12, 1959. [Ed. Note: this *Chronicle* also published Mr. Mills' most recent warning. See Dec. 29, 1960 issue, pp. 17 ff.]

seems logical that bank fees will rise. But in the face of traditional limits on bank lending rates, it is likely that more banks will increase their charges through higher compensating balance requirements or advanced service charges than through actual loan rate hikes. More reliance also will probably be placed on stand-by fees charged those wanting to use the open market to borrow but desiring the assurance that bank credit will be provided if funds available through the commercial paper market decrease temporarily. With bankers' acceptances at their highest level in almost 31 years, the commitment fees charged by the banks on this type of paper will also grow as a source of bank income.

Becoming Service Institutions

Banks are also increasingly becoming service institutions — providing check reconciliation, payroll preparation, freight payment plans, trust work, mortgage origination and servicing, and other services for their customers. This is being done for several reasons: First, it is a way of stimulating deposit growth and inducing customers to maintain higher deposit balances; second, it is a way of finding additional uses for automation equipment to further justify its acquisition or rental; third, it is a way in which banks can obtain earnings without having to convert deposits into earning assets. In fact this trend towards operation as service institutions may well be the stimulus to further bank mergers as smaller institutions find themselves unable to afford the provision of services that competitors are offering or the automation equipment needed to remain competitive.

By 1970 it has been predicted that some banks even will be paying regular monthly bills for their customers — deducting from the depositor's account each month his insurance premiums, utility bills, car payments, and goods and services bought with a central charge card. It may also be unnecessary for the depositor to handle his pay check; his salary may be deducted from his employer's account and credited to his.[8] Banks' preparing of accounting reports for small business may also be common before the decade is over.[9]

Regulation Q

As far as the problem of time deposits is concerned, there is not too much the banks can do while under Regulation Q. The Reserve Board limits the interest they can pay to 3% and competitive investments can offer more. The larger banks have been trying to attract foreign dollar holdings at their foreign offices, and because they can offer higher interest abroad than at home they have been rather successful in attracting "Eurodollars" and other foreign deposits.[10]

At home, moreover, an increasing number of banks are becoming receptive to corporate time deposits and fewer institutions are refusing to accept them. By issuing negotiable certificates of deposit and paying the maximum rate allowed for short time periods under Regulation Q if the corporation must withdraw its funds unexpectedly, the banks trying to make time deposits as fair an instrument of liquidity as possible.

As has been shown above, there are a number of problems involved in attracting time deposits that would exist even if Regulation Q were not limiting interest to 3%. Yet with the ceiling lifted there is one avenue through which deposit growth could be pushed if banks were willing to adapt their operations to suit the financial needs of the large institutions that maintain time deposits, and if they made every effort to offer as high an interest rate as possible.

It would appear, however, that without the removal of the 3% interest ceiling, the job of increasing time deposits will be far harder. This conclusion is reinforced by the indications that some savings and loan associations are now working to attract large share purchases for specific periods of time in competition with bank time deposits.

Tax Disadvantage

Furthermore, savings and loan associations, mutual savings banks and credit unions maintain advantages in tax status, liquidity requirements and regulatory control. Thus the main way remaining by which commercial banks can increase their share of savings and time deposits is by stressing the advantages of one stop banking, pushing new services such as in-plant banking that can attract savings deposits, and actively promoting time deposits despite the rate disadvantage by taking advantage of the prestige factor that comes with being commercial banks.[11] Naturally if the growth of mortgage mutual funds, under the new Federal mortgage trust law passed in August, the secondary market for mortgages and the other measures currently being proposed to broaden direct investment in home liens lower the yields available on mortgages, the commercial banks will be in a better position to compete with other savings institutions on a rate basis. But with the high demand for homes expected in the late 1960's as family formation increases, such a decline in net mortgage yields relative to returns on other investments appears unlikely.

Finally, there is the capital question. In an effort to preserve earnings in the face of more rapid deposit turnover and slackened deposit growth, the banks may try to operate with less capital as a means of preserving earnings per share. With lesser reliance on long term investments the banks may feel that traditional capital standards are too rigid. This is especially true when the large amount of hidden capital included in valuation reserves is considered.[12]

On the other hand, with lesser holdings of investments and there appears little likelihood that banks will be allowed to operate with lower capital to risk assets ratios.

Thus the efforts of the banks to offset the effects on earnings of higher operating costs, slackened deposit growth, and higher deposit turnover will have to be concentrated in the movement towards the provision of more services. With all these developments, the changes in banking during the 1960's should have important effects on the credit control structure as it now exists and on the powers and actions of the monetary authorities.

V

The Effects on Credit Control

The first question concerning credit control is the problem of regulating the economy through controls over just the banks when the banking system is steadily playing a less important role in the economy except in recession years. Certainly the requisite level of spending in the economy can be achieved through controls solely over bank credit even when the amount of near money in the economy has risen sharply. But the extra presure that would have to be placed on bank reserve positions to offset the liquidity of those holding near money would make quantitative credit controls much harsher on potential borrowers dependent on banks and not able to tap the open market or funds in other financial institutions.

The result of this could be one of two developments. The Federal Reserve could realize that the amount of restraint on the bank sector of the economy necessary to offset the liquidity elsewhere would be too harsh on bank customers to be feasible, either politically or due to a fear of too much hardship in bank dependent sectors of the economy. This would make credit control less effective as a deterrent to spending. Otherwise, the Reserve authorities could go ahead and offset the continued spending elsewhere that liquidity would allow by pressing down harder on the bank sector of the economy. Because the controls would be imposed on a smaller percentage of the economy, though, they would have to be more severe than has been the case in the past. This could well lead to greater swings in bank net free reserve positions and bank demand deposits than have been witnessed over the course of previous business cycles.

But the banks will be operating more as lending institutions than investors. So to the extent that open market interest rates are determined by total demand and supply rather than marginal movements, interest rate movements will be less dependent upon bank demand for short term investments. Consequently the sharpness of fluctuations in open market interest rate levels should not become greater even though the banks should experience greater swings in their lending and investing capacity.

Rediscounting's Greater Importance

A further development may be an increase in the importance of the rediscount window. This could come about for two reasons. First, with the banks less liquid and serving more as lending institutions, they will be less able to adjust to heightened credit restraint by selling securities Furthermore, already 50% of the government securities held by some banks have been pledged against deposits of governmental bodies and thus cannot be sold to adjust for reserve deficiencies.[13] When securities pledged against rediscounts from the Federal Reserve are considered, the ability of banks to adjust their reserve positions by selling governments becomes even slighter. This by itself would make the banks more dependent upon the rediscount window.

But additionally, if the banks are so short of government securities that they again are forced to rely on other types of paper to secure their borrowings from the Federal Reserve, the acceptability requirements established by the Board could well make the rediscount policy an effective qualitative control over bank lending decisions.

Finally, because of the lessening ratio of government securities outstanding to Gross National Product and the consequent need for new liquidity instruments, the Treasury may be able to rely more on short term obligations for debt management in boom periods without inflationary consequences. For with non-bank investors more anxious to buy and hold short term governments, due to the need for liquidity instruments, the Treasury will be less dependent upon bank purchases of short term obligations in boom periods. Thus the Federal Reserve will not have to temper credit restraint from time to time just to provide banks with the reserves necessary for such purchases. If recent experience with debt management is any indication of future policy, it is doubtful whether the Treasury will want to sell many short term securities in boom periods. But if interest rates rise enough so the 4¼% ceiling on interest payable on new Treasury bonds again becomes a determining factor in debt management or if the Treasury turns to less sound debt management policies, this ability to sell more short term maturities to non-bank investors will be important in reducing the probability of inflationary consequences.

These are likely to be some of the implications of the emerging trends in commercial banking.

There appears to be no question as to whether the 1960's can be financed adequately; for if adequate funds were not available elsewhere to provide for sustainable economic growth, the monetary authorities would quickly be able to cure this by more generous easing of bank reserve positions with its consequent expansion of bank deposits.

The questions thus center on why the monetary authorities may have to restrict demand deposit growth to stabilize the economy, what institutional and structural reactions would result from an inability of bank deposits to grow as rapidly as the GNP, and what changes in tax and regulatory policy would be instituted in the face of these developments.

While there is no likelihood that the economy as a whole would be hurt by a slowing in commercial bank deposit growth, customers now mainly dependent upon commercial banks for credit will most likely have to adjust to changed conditions.

But in the main, as this paper has tried to show, the problems emerging in the new decade as the result of the slower bank deposit growth trend will mainly affect the commercial banks themselves.

Unless the banks are able to effect major tax and regulatory changes in the 1960's, they will have to face conditions that differ sharply from those of recent years. Their ability to adjust to these changed conditions and to undertake the opportunities for profitable service work that are developing in banking will reveal much about the role the commercial banking system will play in the economy when this decade is over.

8 *1959 Annual Report*, Federal Reserve Bank of Boston, p. 43.

9 "How Banking Tames its Paper Tiger," *Business Review*, Federal Reserve Bank of Philadelphia, May-July, 1960.

10 The New York Clearing House Association in its July 20, 1960 *Report to the Board of Governors of the Federal Reserve System* entitled "A Study of Regulation Q as it applies to Foreign Time Deposits," has pointed out, however, that foreign depositors prefer to place their funds directly in the United States to avoid the risk of exchange control and governmental jurisdiction in the country where the branch is located. They also feel that deposits in the U. S. give them a direct relationship with their source of credit and other facilities and services available in the American market. Since some foreign depositors refuse to place funds in overseas branches but prefer to deal directly with an American bank or else place their funds in other investments, Regulation Q does prevent maximum growth of foreign deposits in U. S. banks even if overseas branches help them offset Regulation Q to some extent.

11 See Alhadeff & Alhadeff, "The Struggle for Commercial Bank Savings," *Quarterly Journal of Economics*, Feb. 1958, 72, 1-22.

12 The Marine Midland Corportion has reported that its valuation reserves are equivalent to an additional 27% of capital not shown in book value. Remarks by Baldwin Maull, President Marine Midland Corporation before institutional investors, Boston, Oct. 6, 1960-Chicago, Oct. 7, 1960.

13 "N. Y. C. Bankers See Need to Ease Rules on Preferred Deposits," *American Banker*, Oct. 11, 1960; "Simmons Cites Credit Benefit to Nation, Savings Hold Key to Commercial Bank Growth," *The New York State Banker*, Oct. 17, 1960.

*An address by Dr. Nadler before the American Finance Association, St. Louis, Mo. The author gratefully acknowledges comments and suggestions by E. Sherman Adams, William C. Freund, Robert A. Kavesh, Marcus Nadler, and Paul A. Volcker.

Chase Secs. Branch

SPARTA, N. J.—Chase Securities Corporation has opened a branch office at 9 Marian Road under the direction of Elvyra D. Hulings.

Shoup Voting Stock Offered

An underwriting group headed by Burnham & Co. is making an initial public offering today (March 30) of 130,000 shares of Shoup Voting Machine Corp. common stock at $11 per share. Of the offering, 110,000 shares are being sold by the company and 20,000 by a selling stockholder. Net proceeds received by the company will be used to reduce accounts payable, for additional working capital and general corporate purposes.

Shoup, organized in 1954, succeeded to a business begun over 50 years ago. The company designs, manufactures and sells voting machines and provides related equipment and services. More than 35,000 of the company's voting machines are now in use in 31 states. While the company's principal market is in the continental United States, it recently received the first order for voting machines from a foreign country, in this case involving a sale of 1,000 machines to the Government of Trinidad. Newly developed voting machines are now being sold in the United States, and additional foreign orders are being sought.

Shoup is also active in the manufacture and sale of toll collection devices, numbering among its customers public authorities operating The Throggs Neck Bridge, N. Y.; Northern Illinois Toll Road, and the Connecticut Turnpike. The company entered this field in April, 1960 through acquisition of the Electronic Signal Co., a division of the Neptune Meter Co.

For the year ended Dec. 31, 1960, the company reported sales of $7,170,520 and net income of $492,266, equal to $1.26 per share, based on 390,000 shares outstanding.

To date, outstanding stock of the company has been closely held and no dividends have been paid.

Capitalization of the company adjusted to reflect the sale of securities includes $60,000 in a mortgage loan and 500,000 shares of common stock, par value $1.00.

Sealander Stock Offered at $2

Pursuant to a March 8 offering circular, Robinette & Co. Inc., and Investment Securities Co. of Maryland Inc., both of Baltimore 2, Md., publicly offered 150,000 shares of the Sealander Inc.'s 10¢ par class A common stock at $2 per share.

The Sealander Inc. was incorporated under the laws of the state of Maryland on June 17, 1958.

The corporation acquired its plant and principal office at 2228 McElderry Street, Baltimore 5, Md., in November 1959, where it leases the premises consisting of 12,680 square feet, for $3,600 a year.

Sealander Inc. is ready to enter the pleasure craft boat market, producing and selling three new models of 16-foot standard run-about boats.

The development which the management considers an advance in the pleasure boat industry is the result of two inventions, both of which are included as standard equipment, which when combined together, make it possible to eliminate the use of a trailer and at the same time transport the boat over the highway with safety and facility.

Lewis Wolf Inc.

Lewis Wolf is now conducting his investment business under the name of Lewis Wolf Incorporated, 55 West 42nd Street, New York City.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	Apr. 2	55.0	54.0	52.0	88.7
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 2	1,611,000	1,574,000	1,524,000	2,527,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar 17	7,353,160	7,353,310	7,166,910	7,159,010
Crude runs to stills—daily average (bbls.)	Mar. 17	8,043,000	8,264,000	8,447,000	7,857,000
Gasoline output (bbls.)	Mar. 17	27,932,000	28,534,000	28,689,000	27,712,000
Kerosene output (bbls.)	Mar. 17	2,834,000	3,391,000	2,917,000	2,511,000
Distillate fuel oil output (bbls.)	Mar. 17	13,014,000	12,885,000	15,935,000	12,874,000
Residual fuel oil output (bbls.)	Mar. 17	6,446,000	6,060,000	6,170,000	7,025,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 17	225,519,000	224,653,000	218,003,000	224,464,000
Kerosene (bbls.) at	Mar. 17	25,240,000	24,896,000	23,944,000	18,784,000
Distillate fuel oil (bbls.) at	Mar. 17	95,380,000	95,888,000	97,329,000	82,442,000
Residual fuel oil (bbls.) at	Mar. 17	42,998,000	43,299,000	42,777,000	40,991,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 18	506,583	492,582	502,334	581,494
Revenue freight received from connections (no. of cars)	Mar. 18	Not Given	475,703	492,804	581,477
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 23	$353,900,000	$382,400,000	$397,200,000	$453,500,000
Private construction	Mar. 23	169,300,000	191,400,000	225,100,000	240,100,000
Public construction	Mar. 23	184,600,000	191,000,000	172,100,000	213,400,000
State and municipal	Mar. 23	154,600,000	133,600,000	145,200,000	175,100,000
Federal	Mar. 23	30,000,000	57,400,000	27,000,000	38,300,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 18	6,445,000	*6,130,000	7,330,000	8,919,000
Pennsylvania anthracite (tons)	Mar. 18	323,000	307,000	430,000	388,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100	Mar. 18	140	*128	115	129
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 25	14,291,000	14,295,000	14,239,000	14,062,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 23	359	363	348	286
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 20	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Mar. 20	$66.44	$66.44	$66.44	$66.41
Scrap Steel (per gross ton)	Mar. 20	$38.50	$37.83	$33.50	$33.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 22	28.600c	28.600c	28.600c	32.600c
Export refinery at	Mar. 22	27.300c	27.175c	27.475c	31.000c
Lead (New York) at	Mar. 22	11.000c	11.000c	11.000c	12.000c
Lead (St. Louis) at	Mar. 22	10.800c	10.800c	10.800c	11.800c
‡Zinc (delivered) at	Mar. 22	12.000c	12.000c	12.000c	13.500c
Zinc (East St. Louis) at	Mar. 22	11.500c	11.500c	11.500c	13.000c
Aluminum (primary pig, 99.5%) at	Mar. 22	26.000c	26.000c	26.000c	26.000c
Straits tin (New York) at	Mar. 22	103.875c	104.000c	101.625c	99.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 28	88.44	88.63	88.96	85.02
Average corporate	Mar. 28	88.40	88.54	88.13	85.33
Aaa	Mar. 28	92.93	92.93	92.79	89.51
Aa	Mar. 28	91.34	91.34	90.77	87.72
A	Mar. 28	88.13	88.13	87.45	84.55
Baa	Mar. 28	82.03	82.15	81.90	79.96
Railroad Group	Mar. 28	85.20	85.33	84.81	82.65
Public Utilities Group	Mar. 28	89.92	89.92	89.37	85.85
Industrials Group	Mar. 28	90.34	90.34	90.06	87.59
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 28	3.79	3.73	3.68	4.04
Average corporate	Mar. 28	4.53	4.52	4.55	4.76
Aaa	Mar. 28	4.21	4.21	4.22	4.45
Aa	Mar. 28	4.32	4.32	4.36	4.58
A	Mar. 28	4.55	4.55	4.60	4.82
Baa	Mar. 28	5.02	5.01	5.03	5.19
Railroad Group	Mar. 28	4.77	4.76	4.80	4.97
Public Utilities Group	Mar. 28	4.42	4.42	4.46	4.72
Industrials Group	Mar. 28	4.39	4.39	4.41	4.59
MOODY'S COMMODITY INDEX	Mar. 28	367.4	369.8	367.3	378.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 18	304,551	327,851	282,504	302,307
Production (tons)	Mar. 18	320,783	323,093	298,124	320,721
Percentage of activity	Mar. 18	91	93	87	94
Unfilled orders (tons) at end of period	Mar. 18	434,750	448,677	389,973	441,526
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Mar. 24	110.90	111.85	110.97	110.72
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 3	4,187,050	2,955,410	3,573,940	2,529,710
Short Sales	Mar. 3	941,960	730,240	830,810	381,580
Other sales	Mar. 3	3,141,650	2,309,930	2,826,300	2,126,710
Total sales	Mar. 3	4,083,610	3,040,170	3,657,110	2,508,290
Other transactions initiated off the floor—					
Total purchases	Mar. 3	533,640	480,670	427,730	395,680
Short Sales	Mar. 3	58,800	41,600	74,800	49,900
Other sales	Mar. 3	529,280	409,810	396,060	443,240
Total sales	Mar. 3	588,080	451,410	470,800	493,140
Other transactions initiated on the floor—					
Total purchases	Mar. 3	1,166,705	882,116	1,060,020	730,305
Short Sales	Mar. 3	155,250	147,135	251,860	102,810
Other sales	Mar. 3	1,017,635	831,009	1,096,680	697,230
Total sales	Mar. 3	1,172,885	978,144	1,348,540	800,040
Total round-lot transactions for account of members—					
Total purchases	Mar. 3	5,887,395	4,318,196	5,061,690	3,655,695
Short Sales	Mar. 3	1,156,010	918,975	1,157,470	534,290
Other sales	Mar. 3	4,688,565	3,550,749	4,318,980	3,267,180
Total sales	Mar. 3	5,844,575	4,469,724	5,476,450	3,801,470
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 3	2,907,825	2,127,397	2,699,047	2,000,156
Dollar value	Mar. 3	$147,382,885	$103,602,064	$138,631,125	$97,087,182
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 3	2,874,731	2,195,717	2,502,156	1,648,132
Customers' short sales	Mar. 3	9,794	8,333	11,576	17,396
Customers' other sales	Mar. 3	2,864,937	2,187,384	2,490,580	1,630,736
Dollar value	Mar. 3	$136,314,252	$99,897,824	$118,594,515	$79,320,887
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 3	840,340	663,880	686,100	419,270
Short Sales	Mar. 3	------	------	------	------
Other sales	Mar. 3	840,340	663,880	686,100	419,270
Round-lot purchases by dealers—Number of shares	Mar. 3	881,010	616,030	912,700	716,730
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short Sales	Mar. 3	1,275,130	1,045,330	1,326,570	735,370
Other sales	Mar. 3	27,128,060	20,725,110	24,159,030	16,091,000
Total sales	Mar. 3	28,403,240	21,770,440	25,485,600	16,826,370
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Mar. 21	119.8	*119.8	119.8	120.1
Farm products	Mar. 21	90.0	*90.0	89.3	90.9
Processed foods	Mar. 21	109.8	*109.6	109.9	107.2
Meats	Mar. 21	96.7	96.6	96.9	96.8
All commodities other than farm and foods	Mar. 21	128.0	128.1	128.1	128.7

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of February	6,233,000	6,416,000	11,126,806
Shipments of steel products (net tons)—Month of January	4,637,970	4,100,000	8,400,000
AMERICAN PETROLEUM INSTITUTE—Month of December:			
Total domestic production (barrels of 42 gallons each)	253,162,000	243,511,000	252,125,000
Domestic crude oil output (barrels)	221,653,000	213,992,000	222,969,000
Natural gasoline output (barrels)	31,495,000	29,501,000	29,139,000
Benzol output (barrels)	14,000	18,000	17,000
Crude oil imports (barrels)	28,677,000	29,980,000	31,879,000
Refined product imports (barrels)	27,903,000	26,664,000	29,125,000
Indicated consumption domestic and export (barrels)	357,762,000	304,833,000	341,671,000
Decrease all stocks (barrels)	48,020,000	4,678,000	28,542,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28:			
Imports	$388,343,000	$399,981,000	$350,346,000
Exports	701,722,000	677,006,000	336,485,000
Domestic shipments	12,658,000	11,936,000	9,120,000
Domestic warehouse credits	278,836,000	287,107,000	122,070,000
Dollar exchange	104,330,000	118,245,000	192,574,000
Based on goods stored and shipped between foreign countries	562,771,000	534,881,000	229,105,000
Total	$2,048,660,000	2,029,156,000	1,239,700,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Total new construction	3,580	3,803	3,621
Private construction	2,581	2,728	2,737
Residential buildings (nonfarm)	1,299	1,419	1,478
New dwelling units	942	1,055	1,152
Additions and alterations	267	274	259
Nonhousekeeping	90	90	67
Nonresidential buildings	826	853	781
Industrial	260	266	235
Commercial	327	338	313
Office buildings and warehouses	176	183	162
Stores, restaurants, and garages	151	155	151
Other nonresidential buildings	239	249	233
Religious	77	82	79
Educational	47	49	44
Hospital and institutional	53	52	48
Social and recreational	45	48	45
Miscellaneous	17	18	17
Farm construction	71	70	99
Public utilities	364	363	360
Telephone and telegraph	82	82	80
Other public utilities	282	281	280
All other private	21	23	19
Public construction	999	1,075	884
Residential buildings	57	58	57
Nonresidential buildings	357	388	308
Industrial	33	37	29
Educational	214	235	183
Hospital and institutional	27	28	29
Administrative and service	40	42	33
Other nonresidential buildings	43	46	34
Military facilities	81	98	61
Highways	262	266	241
Sewer and water systems	109	115	105
Sewer	62	65	65
Water	47	50	40
Public service enterprises	34	40	32
Conservation and development	79	89	66
All other public	20	21	14
COPPER INSTITUTE—For month of February:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	97,577	*108,385	98,527
Refined (tons of 2,000 pounds)	134,812	144,697	105,417
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	93,029	99,794	111,851
Refined copper stocks at end of period (tons of 2,000 pounds)	147,799	144,132	64,007
COTTON PRODUCTION (DEPT. OF COMMERCE): (running bales) as of March 20	14,263,715	------	14,515,111
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Feb. 27	19,793,000	19,881,000	20,072,000
Spinning spindles active on Feb. 27	17,451,000	17,450,000	17,665,000
Active spindle hours (000's omitted) Feb. 27	8,190,000	8,051,000	9,131,000
Active spindle hrs. for splindles in place Feb.	409.5	402.5	456.6
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of February:			
Weekly earnings—			
All manufacturing	$90.02	*$90.02	$90.14
Durable goods	97.07	*96.82	98.98
Nondurable goods	80.98	*81.41	79.95
Hours—			
All manufacturing	38.8	*38.8	39.8
Durable goods	39.3	*39.2	40.4
Nondurable goods	38.2	*38.4	39.0
Hourly earnings—			
All manufacturing	$2.32	$2.32	$2.29
Durable goods	2.47	2.47	2.45
Nondurable goods	2.12	2.12	2.05
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of February	£57,968,000	£45,689,000	£42,252,000
PROSPECTIVE PLANTING FOR 1961 — U. S. CROP REPORTING BOARD — ACREAGES IN THOUSANDS—As of March 1:			
Corn, all	82,405	------	82,906
All spring wheat	12,201	------	12,420
Durum	1,749	------	1,683
Other spring	10,452	------	10,737
Oats	32,480	------	32,337
Barley	15,427	------	15,641
Flaxseed	3,179	------	3,527
Rice	1,616	------	1,614
Sorghums for all purposes	18,822	------	19,715
Potatoes:			
Winter	24	------	21
Early Spring	26	------	28
Late Spring	155	------	152
Early Summer	111	------	112
Late Summer and Fall	1,218	------	1,143
Total	1,534	------	1,457
Sweetpotatoes	228	------	228
Tobacco	1,166	------	1,144
Beans, dry edible	1,478	------	1,475
Peas, dry field	331	------	305
Soybeans	26,426	------	24,275
Peanuts	1,545	------	1,579
Hay	68,747	------	69,294
Sugar beets	1,087	------	977
RAILROADS EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	$699,241,730	$731,516,764	$789,443,864
Total operating expenses	596,424,925	613,594,319	633,993,848
Taxes	73,963,102	53,734,603	84,419,113
Net railway operating before charges	4,052,338	34,288,798	43,523,370
Net income after charges (estimated)	8,000,000	53,000,000	30,000,000
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Jan. (000's omitted):			
Exports	$1,470,800	$1,742,000	$1,561,800
Imports	1,538,800	1,157,100	1,137,400

U. S. Trade, Capital Export Policies Don't Help Canada

Continued from page 3

in United States terms of $19 billion every year, or as much each year as the total size of your gold reserves.

In our case the capital flow has been inward — our "net international indebtedness," in the official phrase, has greatly increased. The deficit in our current account has been balanced by the capital inflow, consisting in part of direct investment in Canadian resource industries and secondary industries, in part of United States purchases of new issues of Canadian securities payable in United States dollars and placed on the market here by Canadian provinces, municipalities and corporations, and in part of a variety of flows of portfolio investment in the course of which foreign investors have acquired considerable quantities of Canadian bonds payable in Canadian dollars, the risk of exchange rate fluctuations in such cases resting on the foreign investors. In total, the capital inflow has amounted to over $9 billion, and after allowing for the accumulation of unremitted profits, total foreign investment in Canada (less Canadian investments abroad and Canadian holdings of gold and foreign exchange) rose by $13 billion. The outstanding amount of net foreign investment in Canada has, therefore, more than quadrupled in these 11 years, from $4 billion at the end of 1949 to $17 billion in 1960.

Canada's Need for More Exports

It has been brought home to us in connection with the Canadian trade and payments problem that it is not enough to achieve balance in merchandise trade alone. We have to develop a large surplus of exports over imports in order to meet the deficit in our non-merchandise transactions, including travel, freight, various business services, and interest and dividends payable to foreign investors. The total of these items has increased every year since 1949, is now well over $1 billion a year, and is almost sure to go on increasing. Certainly the net amount of interest and dividends will continue to increase.

The Canadian economy is much more deeply involved with foreign trade and other international payments on current account than is the United States economy. Our international receipts on current account in 1960 amounted to 20% of gross national product, compared with a little over 5% in the case of the United States. Our international payments on current account were 23% of gross national expenditure, compared with something under 5% in the case of the United States. One lesson from these figures is that attempts to stimulate the economy by general monetary expansion or deficit finance are much more likely to produce a large increase in imports in the case of Canada than in the case of the United States.

The structure of our trade, according to the nature of the commodities involved, shows very heavy specialization on exports of raw materials and primary products, including some processed raw materials such as lumber, newsprint, pulp, and certain metals, but not a great deal in the way of finished products, and on the other hand a very heavy preponderance of imports of manufactured goods including large quantities of machinery and equipment as well as a wide range of manufactured consumer goods, both durable and nondurable. In per capita terms, our imports of manufactured goods in 1959 were $230 in Canada in comparison with $40 in the case of the United States and $55 in the case of the United Kingdom. In absolute terms with the exception of the United States, Canada is in fact the largest market in the world for other countries' exports of manufactured goods. This condition is clearly reflected in the nature and structure of our domestic industry.

Need for Diversified Outlets

The structure of our trade in terms of the direction of our exports and the sources of our imports also shows a very high degree of specialization in that 60% of our exports go to the United States and 70% of our imports come from the United States. Many of the largest Canadian resource industries are tied to particular outlets in the United States, or depend as to 80% or 90% of their production on sales in the United States market as a whole. Efforts are constantly being made to obtain much more diversified outlets for our exports so that we should not be so greatly dependent upon economic conditions in one market and the attitudes of buyers and the state of public policy in that one market. On the import side, also, it has always been felt in Canada that we must favor a much broader diversification of sources of supply, so that our imports should come to a greater extent from overseas countries which buy more from us than they sell to us.

The structure of Canadian economic development, the direction of our trade and the adverse imbalance in our trade with the United States, are to an important extent the product of United States tariff policy over the past hundred years. The United States tariff has been more important than the Canadian tariff in determining the nature of the development of different branches of Canadian industry. By maintaining free entry or low rates of duty on raw materials and on semi-processed materials of a kind which can be advantageously produced in Canada for use by United States industry, the United States has caused Canada to specialize to an extreme degree in the development of resource industries. Even if Canadians had not themselves been inclined to take that course, it was made inevitable by the part played by United States capital, which has come into Canada in great volume for the express purpose of developing our natural resources in order to maintain an increasing flow of supplies of this character to the United States.

On the other hand, the maintenance of relatively high United States tariffs and practices which have been a strong deterrent to imports of manufactured goods from Canada, have been important factors in preventing Canadian secondary industry from developing to the same degree as primary industry. Whatever has been done as a matter of Canadian policy by way of protection of the domestic market for a secondary industry has not been adequate to overcome the influences exerted by the two sides of United States tariff policy.

Our position in this respect has been different from most European countries, which have close at hand a variety of export markets on the basis of which each country has been able to develop secondary industry for export as well as for domestic use. Canadian secondary industry, however, has by reason of geography only one potential export market of the kind that domestic businesses would normally be expected to expand into, and this has been very largely shut off for reasons of high policy on the part of the people and government of the United States.

Compares Unsatisfactory Trend

Generally speaking, we have rising employment when you have rising employment in the United States, and rising unemployment when you have rising unemployment in the United States. For some years, however, trends in the growth of gross national product, employment and unemployment seem to have been rather less satisfactory in Canada than in the United States. Since 1949 our gross national product has risen slightly more than yours, but less in proportion to the growth in the population. Even disregarding the population factor, for the last four or five years gross national product has improved less in Canada than in the United States.

Like the U. S., Canada has had three recessions in the past seven years, and each time the volume of unemployment as a percentage of the labor force has been greater than the time before and the degree of recovery between recessions does not reduce unemployment to the level that obtained in earlier periods of upswing. In our case the trend of the unemployment ratio since 1949 shows a distinctly steeper upward slope than the similar trend in the United States. This has not been for lack of expansive monetary policy or expansive fiscal policy in the sense of the size of government deficits. Since 1954 particularly, there has been much more expansion of the money supply in Canada (35% increase) than in the United States (21% increase using the Canadian definition of money supply) and the combined deficits of all levels of governments have also been larger in Canada than in the United States.

Growing Canadian Conclusions

It is evident that reliance on monetary expansion and on deficit finance has not worked for us, at least not in such a way as to enable us to show better results than in the United States, where monetary expansion and deficit finance have been less. Many Canadians are coming to the conclusion that monetary expansion and deficit finance as such are not the answer, and that in the field of public policy greater reliance must be placed on measures which are more specifically directed towards increasing production and employment in Canada rather than across the board measures of what might be called the blunderbuss approach. A second feature in the thinking of many Canadians is that measures to improve the economic situation and overcome the now long-standing trend towards higher unemployment ratios must give very high place to the problem of the balance of payments and the nature of our import trade.

I was interested to note that the Sproul Report also laid emphasis on the importance of the balance of payments in relation to domestic policy. "Domestic economic policy . . . must contribute to a vigorous, sustainable domestic recovery and expansion, but it must be carried out at a time when actions will also be needed to strengthen our balance of payments position. . . . Actions designed to force domestic expansion without regard to our external transactions . . . would create inflationary pressures and inflationary fears even though the process would start with unemployed resources."

The Sproul Report also emphasizes that "the current disequilibrium in our balance of payments highlights the need for more reliance on fiscal or budget policy and less on monetary policy." The same is true of measures to improve employment and encourage more consistent economic growth. This is an increasingly widespread view which central bankers have been emphasizing for years.

The words which I have quoted from the Sproul Report apply even more strongly to Canada than to the United States, although the conditions which have given rise to trouble in the balance of payments and to a growing level of unemployment are somewhat different in the two countries and the specific measures which may seem appropriate will in some respects be different.

The balance of payments of the United States, has been mainly determined by your own economic situation, and though obviously also influenced by economic situations in other countries has not until quite recently seemed to be itself a major factor in domestic economic conditions and economic policy. In Canada we are more used to the idea that we have to live with our balance of payments and make adjustments to it from time to time in public policy, as well as having the main lines of economic development determined or strongly influenced by the balance of payments, instead of vice-versa.

Consequence of Capital Inflow

The economic situation in Canada has a special characteristic which is somewhat delicate to talk about in a foreign country, especially in the United States, for fear of being misunderstood. This feature is the great growth in our foreign debt and in foreign investment in Canada—not just in debt obligations which Canadian debtors must some day find the foreign exchange to meet but, even more markedly, in the degree of foreign ownership and control in the whole field of resource development (other than agriculture) and in the field of secondary industry where more and more existing Canadian-owned enterprises are being bought up by foreign corporations in the same line of business.

The Canada of the mid-twentieth century bears no resemblance, of course, to the early colonial days either of Canada or the United States. In some respects the position of our economy in relation to the rest of the world may resemble that of the United States before the First World War, or even that of the United States between, say, the reconstruction period following the Civil War and the end of the 19th century. An important difference, however, is that during this period the United States depended almost entirely on its own saving to create its own capital with which to develop a widespread national territory, and upon its own scientific and managerial talent to modernize and expand its industry. Even the great amounts of capital required to cope with a large flow of immigration were generated internally, and such foreign companies as did establish subsidiaries in the United States never grew to such numbers or size as to dominate any important sector of the United States economy.

The foremost student of United States economic development in that period, Simon Kuznets, has stated that, like Japan, "the United States . . . engaged capital imports that were only minor fractions of domestic capital formation and minute percentages of national product," and: "gross foreign investments must never have exceeded a few per cent of the country's wealth." During the 20 years from 1869 to 1888 according to this study, net new foreign investment in the United States, that is to say, the net import of capital, averaged less than 1% of Gross National Product. From 1890 onwards, except perhaps for occasional years early in the period, the United States developed a growing export of capital rather than an import of capital.

By the end of 1957, foreign companies and other foreign investors had a controlling interest in 56% of all manufacturing industry in Canada, and in some sectors of manufacturing the degree of control was 70%, 80% and even 98%. In petroleum and natural gas, also, some 76% of the industry was foreign controlled, and in mining and smelting 61%. Over 60% of the dividends paid by all Canadian corporations go to non-resident shareholders.

Residents of the United States own 76% of all foreign investment in Canada, and control from 80% to 90% by value of all foreign - controlled companies in Canada.

Disadvantaged Nearby Absentee Management

I will not elaborate here the disadvantages inherent in such a situation. The question which is being raised in Canada is not whether foreign investment is a good thing — everybody would agree that some foreign investment in and by all countries is highly desirable, both because it provides an outlet for the surplus capital and superior industrial techniques of some countries, and because the influx of foreign capital and the associated modern equipment technology and know-how can have a very stimulating effect in the recipient country. Rather, the question which presents itself in Canada is whether foreign investment can be carried too far, and in such case have serious undesirable effects.

The degree of foreign ownership and control of Canadian resources and secondary industry has been growing rapidly since the war, and particularly ownership and control by large American corporations. Despite its friendly nature, ownership and control of Canadian industry by United States industries is in some ways less desirable than would be similar ownership and control by European interests.

For one thing absentee management is much easier and apt to be much more detailed and comprehensive if the absentee owner is only 100 or 300 miles away and can carry on the day-to-day management of its subsidiary by telephone and frequent trips between the head office and the branch plant, whereas absentee owners 3,000 or 5,000 miles away must rely to a larger extent upon the initiative and managerial capacity and responsibility of resident Canadian operators. Then again, European and especially English parent companies show a greater willingness to allow and even encourage Canadian participation in share ownership of businesses in Canada, either by public sale of stock or by going into partnership with native Canadian companies. For another thing there is always the danger when any person becomes heavily indebted to another that their relationship will sour.

No one in Canada today seriously wants to see a deterioration in any aspect of the relations between our two countries. Many Canadians, however — and some Americans — fear that such a deterioration may well occur, if the degree of United States ownership and control of Canadian industry continues to grow in the future as it has in the past. A very thoughtful comment on this point is made by Mr. John Fischer, the Editor of *Harper's* Magazine, in the current issue.

The necessity or usefulness of increased foreign investment in Canada since the war is sometimes greatly over - estimated. Some people both in Canada and abroad have said that we would have had very much less economic growth and a much lower standard of living in the absence

Continued on page 38

U. S. Trade, Capital Export Policies Don't Help Canada

Continued from page 37

of the postwar inflow of foreign capital. This is a very pessimistic and indeed defeatist view.

Questions Need for So Much Foreign Capital

It can hardly be said that Canadian economic development and the standard of living was seriously dependent upon the incurring of foreign debt by our provinces and municipalities which could have done all their borrowing at home, as local governments in all other countries do, perhaps at higher interest rates but without the hazard of exchange risks which attach to foreign borrowing.

The development of the Canadian economy also has scarcely been dependent on the growing extension of foreign control over secondary industry through the purchase of existing Canadian businesses and their conversion to branch plants of foreign parent companies.

Of more importance has been the amount of direct investment, with its associated intake of technology in the particular industries affected and with the tied export markets for certain of our raw materials which otherwise would have had to be developed by the negotiation of contracts for the supply of such raw materials from independent Canadian producers to the consuming industries in the United States.

The inflow of capital, even of the most desirable and fruitful kind, always has an impact on the Canadian exchange rate. In recent years the result has been a tendency towards a premium on the Canadian dollar which has encouraged greater imports of manufactured goods, to the detriment of Canadian development in the field of secondary industry.

The use of foreign resources has been estimated at 17% of gross capital formation in Canada in the years 1950 to 1955, and 27% in the years 1956 to 1959, but these figures include, in addition to new imports of capital, resources provided within Canada by way of re-invested profits, capital consumption allowances and depletion on foreign-owned enterprises in Canada. Taking a narrower definition of foreign resources, consisting only of that part which represented an actual import of capital from abroad, and considering only new direct investment of foreign capital (as being the portion most directly influencing capital formation in Canada) the proportion was a little over 5% for the 11-year period 1950-60, and about 5.5% in the last five years.

Finds Internal Capital Formation High

The Canadian economy as a whole has actually a very high rate of capital formation—higher than the United States economy—financed very largely by the savings of all kinds of Canadian individuals and Canadian industries, including of course those owned and controlled abroad. In total, our rate of saving is a higher proportion of Gross National Product than the corresponding rate of saving in the United States, and even without the capital imported each year can support a higher level of capital investment in physical plant and equipment than has been the case in the United States.

The influence of the $9 billion of new foreign capital of one kind and another over the past decade, and of the great volume of physical investment has not been so much on the total quantity of our economic growth, but rather on its direction and structure, and if anything has had rather adverse effects on stability of employment and costs of production.

The nature of our development since the war, as a result of all these factors, has put strong emphasis on the capital intensive industries, especially the resource industries, which require a great deal of construction and imported equipment, both directly and in ancillary activities such as roads and hydro-electric power, but which do not provide large continuing employment after the plant has been built.

Notes Halt in Per Capita GNP Growth

Whatever the reason, the fact is that Gross National Product in Canada has increased very little more than in the United States during the past 11 years, and the physical volume of Gross National Product—its value in constant dollars — is no higher now per head of population than it was 8 years ago. A somewhat different kind of economic development, with somewhat smaller but better balanced capital investment, and with more continuing effect on employment, could have been carried on without large imports of capital every year, and could have provided at least as high an average standard of living, if not higher, with less fluctuation in employment and a higher average level of employment. It would also have produced much more expansion in the capital goods industries and other secondary industries, with increased production in Canada of machinery and equipment and the acquisition of more advanced technology in our domestic secondary industries.

Nub of the Problem

When the large deficit in the current account of our balance of payments—the excess of imports over exports after allowing for those payments of a non-merchandise character which have to be made — continues for many years in good times and bad, and especially in a period of high and rising unemployment, it is natural that many people should come to the view that Canadian production should be increased in those lines of goods which presently are being imported in such quantity, not with a view to restricting trade as such but in order to bring our trade into balance so that further increases in foreign debt shall not be necessary. Strong efforts are also being made to increase our exports, but there is little prospect that a sufficiently large increase in exports can be achieved to overcome the deficit in our balance of payments, including the continually increasing excess of payments over receipts on non-merchandise account.

It is important that Canadian production should expand in those newer lines of industry and in those with the most advanced types of technology, in order that the Canadian industrial structure can relate itself to the expanding economy of the modern world and in order that there may be ample diversification of employment opportunities and in particular an expansion of hitherto inadequate opportunities for employment in the most modern types of industrial production, in scientific research, in engineering, and in technological development.

Canada must always be greatly affected by developments in the United States and the climate of opinion in the United States. On both sides of the boundary line we often forget that the relationship between us is that of a large man and another less than one-tenth his size, and with only one-fourteenth his income. You could very easily injure us through sheer inadvertence, you could just as easily smother us in an embrace of excessive benevolence.

Demands Access to Our Markets

Canada's balance of payments problem is largely a problem of our trade and payments with the United States, and of capital movements and foreign investment emanating from the United States. We must in Canada always be seeking to maintain our own equilibrium and to protect ourselves against a development which might seem only a ripple in the United States but may have the force of a tidal wave in proportion to our dimensions when it overflows into Canada. There has rarely been much support in Canada for sweeping over-all solutions of our economic relations with the United States of a kind which would involve dismantling all our defenses.

We would like to get reasonable access to the United States market on a negotiated basis for the products of our secondary industries, so that they should not be discriminated against by comparison with the treatment accorded the products of some of our primary industries. This has been a perennial fact of Canadian history. In relation to one form of trade or another, we have been trying and hoping for a 100 years or more to get better access to the United States market, equal to the access we give you to our market. While still hoping for such progress as can be made in a practical way from time to time, not many Canadians now expect to see miracles in this direction in their lifetime. We cannot refrain from considering our own interests in the light of the actual situation, merely because of the hope — so long deferred — that some day a different kind of policy will be found acceptable to the United States.

Canada Must Continue Independent

In any case, no matter how favorable or balanced the trading relationship may become between our two countries, most Canadians are firm believers in the adage of Abraham Lincoln that self-government is better than good government. Translated into economic and social terms, this principle is no less important than in the purely political sphere. Leaving aside the seriously underdeveloped countries, self-development is better for the rounded life and continued vigor of a nation like Canada and will do more to satisfy national aspirations of every kind, than the most ideal kind of purely economic development, if the latter involves perpetuation of large deficits in our balance of payments, continued reliance on endlessly growing foreign debt, and a continuously shrinking area of industry under domestic ownership and control. To achieve our goals we must solve our balance-of-payments problem with the outside world, and especially with the United States, and rely on our own resources, not only material factors, but resources of the human mind and spirit, in order to build our own economic future and our own expression of national independence.

*An address by Mr. Coyne before the Economic Club of New York, New York City, March 7, 1961.

Van Alstyne, Noel Adds

Bert E. Askern, former newsman and direct mail advertising executive, is now associated with Van Alstyne, Noel & Co., members of the New York and American Stock Exchange as an account executive. Mr. Askern will make his office at the branch located in the Greely Arcade building, 132 West 31 Street, New York City. This branch is managed by William Rosenblum.

Canadian Business Outlook

Continued from page 17

and styling must be improved and costs lowered. This means more research, greater use of newly designed machines and material handling equipment. What is badly needed in Canada, in addition to more financial encouragement for pure research, is more Federal and Provincial government sponsored technological research, available to smaller manufacturers at reasonable cost. More liberal depreciation allowances for such manufacturers would stimulate earlier introduction of new machines.

A lower ratio of the Canadian to the U. S. dollar would discourage imports and stimulate exports. Certainly it is something of an historical oddity for a country running a substantial current account deficit to have its currency valued at a premium. The Bank of Canada has taken the position that, as far as exchange rates and interest rates are concerned, the supply and demand pressures of the market place must be the sole determinant of values. In point of fact, of course, the Bank of Canada — quite rightly — and sometimes wrongly—does intervene to influence the trend of interest rates and to iron out sharp short-term swings in the exchange rate. It is obvious therefore that the question is one of degree and not principle. Our free exchange mechanism has clearly failed to operate in the theoretically correct manner with regard to regulating the flow of international capital.

A premium Canadian dollar has not discouraged a high rate of capital inflow, partly because profit opportunities have outweighed the exchange cost and partly because interest rate differentials in favor of Canadian investment have been so wide. There is clearly no need to give foreign capital special incentives to come to Canada and here some Provincial governments might usefully re-examine their policies.

The Federal baby budget, to which I refer in more detail later, removed some of these incentives and indirectly lowered the premium on the Canadian dollar substantially. It seems unlikely, however, that these measures by themselves will affect the inflow of capital sufficiently to move the Canadian dollar to the substantial discount that many people expect. There is great danger, however, in moving along the road of discrimination against foreign capital.

Recognizing that there are difficulties and dangers in any attempts to influence the direction of monetary or economic trends, one may legitimately wonder whether attempts to influence the exchange value of the dollar by narrowing the interest rate differential between Canada and the U. S. carry as much risk as actions of a pinpointing character that seem likely to be first steps toward a tightly regulated economy. I think most people would agree with the Governor of the Bank of Canada that many of the structural problems plaguing Canada today are not suitably solved by sole reliance on monetary policy. On the other hand, few would agree that monetary and exchange policy have no part whatever to play in the solution of our difficulties. The bond yield spread between the U. S. and Canada is currently the widest in several years. This relationship encourages a capital inflow of the non-liquidating type which is pointed to with such alarm by our monetary authorities.

Is Sacrifice Needed?

The call to live within our means has a fine presbyterian ring about it and no one will deny the appropriateness of the objective. What worries me is the slant it has taken toward a narrow form of Canadian nationalism—an inward-looking rather than an outward-looking approach. Certainly the question posed to the Canadian people of whether they are willing to sacrifice their standard of living to remain independent and Canadian is a terribly important one. It is equally terribly important to be sure that this is a choice we must make and to explore any alternatives. There is some reason to anticipate some slowing down in capital inflows both of a portfolio and of a direct investment nature. Alternative attractive fields for investment, over-capacity in many industries, and some early glimmerings of foreign doubt concerning the treatment of foreign controlled investment in Canada are factors working in this direction. Perhaps others have noticed, as I have, that we tend to become most volubly disturbed about problems at, or slightly beyond, the peak point of their seriousness. Some may recall that four or five years ago there was general international concern over the chronic dollar shortage. In fact, less than three years ago a very thorough and erudite book was written proving that there would be a dollar shortage almost indefinitely. In point of fact, of course, the tide had begun to shift as far back as 1950 and our problem now —and deemed to be as intractable —is a dollar glut. Similarly, less than two years ago there was general and sincere concern about the inevitability of a state of chronic inflation. The most valuable expression of this concern occurred at a time when inflationary pressures were declining, and now there is more worry about declining commodity prices and excess productive capacity than there is about inflation. Similarly, I suspect that fears about the inevitability of a continuously high and embarrassing inflow of foreign capital are being strongly expressed when, in fact, forces are already at work to modify greatly if not reverse this trend.

Changing Patterns

Changes in population trends and patterns of employment appear to be in the direction of slowing our rate of growth somewhat. Over the past decade Canada's population increased at an annual compound rate of 2.6%. Recent estimates project the rate of growth over the next decade at 2.2%, still high, however, by world standards. Of greater significance perhaps, is the changing pattern of population growth. The largest increases are projected for the teen-age group over the next five years, the 20-29 age group in the last half of the decade, and a steady increase in the over-60 age group throughout the decade. The spending pattern these trends suggest is a continued shift toward services and non-durable goods and away from durable goods. In the construction industry it seems likely that the demand for new housing will grow more slowly in the decade ahead and shift more toward apartments. The demand for high schools, colleges and hospitals will continue to grow rapidly. A significant shift has already occurred in employment between the goods producing and service industries. Since 1956, male employment in the goods industries declined by 115,000 and increased by 222,000 in the service industries. For the same period, female employment increased 31,000 in the goods producing industries and by 258,000 in the service industries. The continuing shift in employment toward the service industries and toward females has and will con-

tribute to some slowing down in the rate of growth in personal income—reflecting lower hourly wages in the service industries—and in some slowing down in productivity, which is reckoned to be about 25% lower in the service than in the commodity industries.

What I have said so far has taken on a somewhat somber hue. My purpose has been to indicate that our future economic prospects must be appraised against a background of less buoyant trends than prevailed in the fifties. I am by no means pessimistic on the outlook over the intermediate term unless we allow nationalism to ride roughshod over reason.

Business Decline

Over the short term, there is pretty clear evidence that we are experiencing a downward adjustment in business. The big disappointment last year was the short-fall in capital expenditures. It now appears that capital spending, including housing, at $8.3 billion, was $400 million below the revised June estimate and $100 million below actual expenditures in 1959. Housing starts for the year, originally estimated at 120,000, totaled 109,000 compared to 141,000 in 1959. Spending by the utilities and by business for machinery and equipment also fell below expectations. Recent checks suggest that in many cases earlier programs have not been dropped, but stretched out. It is a fact that a greater proportion of current business capital programs are of a size and character that allows great flexibility in the decision to proceed or postpone. There is an implication here that, in the absence of an early upturn in business activity and profitability, business may continue to drag its feet with respect to capital spending.

What has worried some analysts is not so much the degree of business decline we are experiencing but the pervasive nature of the decline, involving the majority of the significant business indicators. A high level of unemployment is our major short-term problem. It appears to be more a structural than a cyclical problem in the sense that even peak levels of activity in recent years have not solved it. I am encouraged by current efforts to diagnose and find solutions for it, particularly the emphasis on technical education, retraining and regional development programs.

The Outlook for 1961

The task of outlining the shape of the economy in 1961 at this particular time is not only an unenviable one but impossible to do with any degree of confidence. All I can do is give my impressions of the probable trend of events as I see them. At the outset let me make a bald, bold statement—we are not going to experience a serious cyclical decline in business over the next two or three years. You may accept this as a statement of faith if you like, but perhaps I can marshal a few arguments in support of my belief. Surely, there is no one in Canada today in ignorance of the important part played by the United States in the economic affairs of Canada. It is appropriate, therefore, to commence a discussion of our business prospects next year by looking at how our neighbor to the South is doing. Like ourselves, the United States has been experiencing a slow downturn in the rate of business activity. The Federal Reserve Board index of industrial activity has declined from a high of 110 in February 1960 to 102 in February 1961. The entire decline was concentrated in the durable goods sector of the economy. Plant and equipment expenditures were on a virtual plateau all last year, approximately 12% above the 1959 level, and currently show a tendency to decline. A preliminary survey of capital spending conducted by McGraw-Hill in October indicated business would spend approximately 3%, or $900,000,000, less next year than this. Considering that the survey was taken prior to the election but with the trend apparently favoring Kennedy, and in an atmosphere of business pessimism and declining profits, the results must be regarded as encouraging. With respect to the new Administration, one must regard as sincere the direction in which the Democratic platform is slanted but not necessarily the degree of slant or the scale of deficit spending likely to be attained over the short run. There appears to be confidence that President Kennedy will run an efficient, well-co-ordinated Administration.

There is a growing body of business opinion in the States that regards the promise of more dynamic government leadership as a fair quid pro quo at the present time for some of the more unpalatable longer-range implications of the shift to the left. Over the short run, Kennedy will be pulled toward the center of left by his narrow majority, the conservatively-biased Congress and the equally conservative American voter. The new Administration will not therefore destroy business confidence or precipitate an international monetary crisis. In many respects, the timing of the gold scare was a blessing in disguise as it committed the new Administration to shape its policies with full regard to the balance of payments problem. There is good reason to expect that the business declines in the U. S. will be relatively shallow and will be completed by the middle of this year or the third quarter at the latest.

For the sake of brevity, I would like to summarize the outlook by quoting a few figures. The gross national product, currently $503 billion, is expected to average $510-512 billion in 1961. A $2 billion decline in capital spending and a $2 billion net liquidation of inventories will be more than compensated for by a $5 billion increase in government purchases of goods and services and a $7-10 billion rise in consumer spending. Industrial activity, currently at 102, is expected to climb in the latter half of the year to the 108-110 range. Corporate profits before taxes, which will average about $46 billion this year, may well improve by $1 billion or so. The one unfavorable aspect of the outlook is the absence of sufficient dynamism in the economy to propel it upward on a sustained basis and at a rate that will fully employ available resources of plant and man power.

As far as Canada is concerned, we can say the U. S. economy will not be a drag and may well absorb modest increases in some Canadian materials and products.

Rest of the World Outlook

With respect to the other industrialized Western countries, particularly Europe, and Japan, while we can see signs of some leveling out in activity, as in the United Kingdom, there is little reason as yet to anticipate significant downward adjustments in business. On balance these countries will continue to provide strong support to our export industries.

In summary, while external demands are unlikely to rise above current levels, they will continue to provide strong support to our economy.

Canada's Forecast

Let me first pinpoint my expectations for the Canadian economy with a few figures and then discuss the more important items briefly. Canada's gross national product, which totaled $34.6 billion in 1959 and approximately $35.4 billion last year, will likely average $36.3 billion in 1961. Capital spending by business will be down this year by perhaps $200 million, while spending on housing should hold level at $1.45 billion or improve slightly. Relatively high inventory-sales ratios suggest a period of modest liquidation lies ahead and a decline for the year of $100 million or so can be anticipated. As offsets to these declining items, purchases of goods and services by all levels of government will increase by $300 million or more. Exports, a buoyant factor last year, running 5% above the 1959 level, are expected to hold this gain in 1961. Corporate profits before taxes, which are running 8-10% below the levels of a year ago, are not expected to show much overall improvement this year. Consumer spending has been less buoyant than is typical during a period of business recovery, and even this subdued rate of spending had to be financed by a cutback in the rate of personal saving and continued important recourse to the finance companies. Anticipated increases in wage rates, additions to the labor force and increased transfer payments should assure an increase in consumer spending next year of the order of $600 million or so.

The business prospect I have outlined may be comforting to some who have been thinking in terms of a deep, protracted recession, but, in fact, it is not a forecast to be accepted complacently. In effect, Canada faces another year in which growth will be nominal under conditions of unused capacity, high unemployment and a continuing large balance of payments deficit.

Doubts New Tax Will Slow Capital Inflow

The baby budget recently brought down by Finance Minister Fleming appears to be an attempt to redirect resource and capital flows in the economy by fiscal — largely tax — measures. Most Americans will understand Canadian apprehensions over the degree of American control of Canadian industry when they realize that over one-half of Canadian secondary manufacturing and mining and over three-quarters of our oil and gas industry are controlled in the United States. Most of this investment has been acquired and managed in a manner that recognizes Canadian interests and aspirations. Nevertheless, the emergence of absentee landlords on such a large scale have inevitably produced conflicts. The extension of a 15% withholding tax rate (not, however, retroactive) to a wider range of foreign recipients of Canadian interest, dividend and profits payments is an attempt to discourage the inflow of foreign capital. Taken by itself, this particular tax measure seems likely to have no really significant effect in slowing the inflow of American and foreign capital into Canada. The reason is that only United States pension funds bear the full brunt of the withholding tax and even here, the relatively wide yield spread — 1% or more — in favor of Canadian over comparable United States securities will retain some pension fund buying of Canadian securities. Eleemosynary institutions are not subject to the tax and most insurance companies are in a position to offset the tax completely.

The budget has, however, a significance beyond the specific measures it contains. It has raised fears in the minds of the foreign investor that this may be but the first step in a broad program of restriction and harassment for foreign capital. In the circumstances, the Canadian government has a clear responsibility to Canadians no less than our foreign friends to formulate, to follow, and to enunciate with one voice, a co-ordinated long-range approach to trade and investment policy. I would go further and say we needed repeated and firm assurance that Canada has no intention of retreating into economic isolation.

Economic Isolationism

In considering this problem and seeking solutions to it, it seems very important to me to define our objectives carefully. If our objective is complete economic independence and living entirely within our means, we are going to have to be prepared to accept a lower standard of living, a lower scale of welfare payments and a higher level of taxes. The voluntary rate of Canadian saving is already one of the highest in the world. Over the past 10 years the net inflow of foreign capital amounted to just over $15 billion. Over the same period the accumulated figure for personal saving through life insurance companies in Canada totaled approximately $3 billion. Over the same period the life insurance industry invested in mortgages (mainly residential) to the amount of $2 billion, leaving $1 billion for investment in other types of securities. If the life insurance companies had invested this entire amount of ways that displaced foreign capital, it would have made but a small dent in the overall problem. If Canadian secondary industry is to be built up and made more efficient it will take a lot of capital and a lot of savings. If the necessary savings are to be available when needed, governmental bodies at all levels —Federal, Provincial and municipal—are going to have to reduce drastically their absorption of savings by living within their means. This means higher levels of taxes or a reduced level of spending. This probably also means for a time a lower level of net personal income, a lower level of consumption and a lower level of imports. Eventually it might be hoped that a more diversified and efficient secondary manufacturing industry would capture a larger share of the Canadian market and expand sufficiently to restore labor incomes and buying power to current levels. It seems to me unrealistic to suggest that we can negotiate this transitional interval without a period of austerity. If we really believe in the objective of living within our means, let us put the blame for failing to do so where it belongs — on our own unwillingness to pay currently for our present level of welfare payments and government services and not on the foreign investor. A virulent form of Canadian nationalism expressed chiefly in terms of anti-Americanism may be a useful political gadfly but it is a dead-end street when it comes to finding sound solutions to essentially economic problems. I share general concern about the trend of our balance of payments, but I am not driven into a state of shock thinking about it. The problem has been many years in the making. It is not going to be solved overnight. Some of the moves the Government appears to be contemplating strike me as most constructive, such as the emphasis on restraining programs, the extensive export drive, the formation of the productivity council, financial aid to small business. I must say, however, that I have misgivings about ad hoc solutions of a pin-point nature motivated by a pinprick mentality. I would really prefer the less dramatic but more impersonal and flexible discipline of an active monetary and fiscal policy.

*Based on a talk by Mr. Popkin before the Montreal Investment Analysts Association.

Inv. Banking Inst. In Session

WASHINGTON, D. C.—The ninth annual session of the Institute of Investment Banking sponsored by the Investment Bankers Association of America is now being held this week at the Wharton School of Finance and Commerce on the University of Pennsylvania campus in Philadelphia. Over 275 junior partners and officers and other experienced personnel of IBA member organizations are enrolled for the program, announced George A. Newton, President of the Association and a Managing Partner of G. H. Walker & Co., St. Louis.

This three-year executive development program for investment bankers is designed to foster efficiency in operations, to develop individual leadership, and to familiarize registrants with current problems affecting the business, according to H. H. Sherburne, partner, Bacon, Whipple & Co., New York, and Chairman of the IBA Institute Planning Committee. The Institute is an invaluable program for junior partners, officers, and others being prepared for positions of greater responsibility in IBA member organizations.

Each spring registrants from all parts of the country meet at the Wharton School for a week of classes supplemented by selective readings. They are accommodated at the Penn-Sherwood Hotel and attend classes in Dietrich Hall, home of the Wharton School. Upon completing the three-year program, registrants receive a Certificate of Merit in recognition of their specialized training for the investment banking business. More than 75 certificates will be awarded by IBA President George A. Newton at the graduation exercises on Friday, March 31. Nearly 500 graduates will then have received their Certificates of Merit for completing this program.

Nearly 100 investment banking leaders and specialists from business, government, and academic circles are participating in the 1961 Institute as guest speakers and discussion leaders.

Hirsch Adds to Staff

Hirsch & Co., members of the New York Stock Exchange, with headquarters at 25 Broad Street, N. Y., announced that the following have become associated with their firm as registered representatives: Michael J. Friedlander, Haig Kapigan, Norman W. Nick, and Lewis D. Siegel, at the main office; Jordan L. Frimmer, at the 1182 Broadway office; Herbert Wyler, at the 499 Seventh Avenue branch; Lester Breidenbach, Jr., John S. Breiter, Anthony Gnerre and Adrian Frankel, at the 655 Madison Avenue office, and Jay N. Tabatchnick at the Newark, N. J. branch.

Kahn, Peck, Cohn To Be N.Y.S.E. Firm

Maurice J. Cohn will acquire a membership in the New York Stock Exchange and on March 30 Kahn & Peck, Cohn & Co., 74 Trinity Place, New York City, members of the American Stock Exchange, will also become members of the "Big Board." Other partners are Arthur Kahn, Robert B. Peck, S. Herbert Meller, Gabriel I. Rosenfeld and Arthur D. Halpern.

McMahon, Lichtenfeld Partner

McMahon, Lichtenfeld & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on April 1 will admit Jules Grossbard to limited partnership.

AS WE SEE IT

Continued from page 1

are left which insist upon keeping their old colonies in the sense that was true in the past. Any action on their part does not in this day and time constitute danger to the peace of the world—or, probably, over an extended period of time to the interests of those they now rule or control.

The New Imperialists

There has, however, arisen a cult of imperialism which flies a different sort of flag and is as ardent as any imperialists have ever been. It is the members of this cult which threaten both the peace of the world and the liberties of backward and other peoples. It is they who will not come to the United Nations or to any other organization with the intent of promoting peace in the world except upon their own terms.

Of course, the leader of this cult, the Kremlin, is the spearhead of this movement. It is the members of this cult who know so well how to make use of such organizations as the United Nations for their purposes—and it is they who are quite ready to wreck the organization or render it wholly impotent when it can not be used quite as they would like to use it. Now, of course, if the rank and file of the peoples of the world were as worldly wise as we should like to have them and not so deeply biased by the slings and arrows of past exploitations, real and imaginary, the problem of meeting and defeating the onslaughts of the Kremlin and its schemers would be vastly simpler and much more amenable to calm reason.

Not Obvious to Many

The fact, is, though, as so many of us appear not to understand, the danger of the dead hand of Communist tyranny is not commonly assessed at its true value or strength throughout much of the world. We have long ago made communism a by-word in this country equivalent to horror and subjugation. In most of the former colonial areas, and among a number of the older countries in Europe and elsewhere, the situation is quite different. They have very often had "socialist" governments and nearly all of them have "Socialist" parties operating under one name or another. In these areas neither the term socialism nor the word communism carries the same connotation as it does here.

Naturally enough, we suppose, many millions of men and women in various parts of the world who are and must be chiefly concerned with getting enough to eat are not overly interested in what appears to them to be the finer points of social organization. They have had the experience, or think they have, in many instances of being maltreated and exploited by some of the very countries which now warn them of Russian tyranny and exploitation. It is something rather new to have a foreign country come in and talk of selfless aid and release from bondage in the way that the Kremlin has of doing. The gullible nations, unfortunately for them, are not prepared by knowledge of history or world experience to understand the mockery of what is being told them by Moscow.

We Must Remember

These things we must remember when Mr. Khrushchev begins the crude act of taking off his shoe and pounding on the table, or demands changes in the structure of the United Nations which quite obviously would rob it of any ability to do anything at all which Russia does not want. We must not make the error of supposing that such behavior is as revolting to other members—or at least all other members—as it is to us or that what appears to us very thinly disguised efforts to end the usefulness of the United Nations is as clear to many of the peoples as it is to us. The fact may well be, as some observers have insisted, that our consistent exposure of the Kremlin and our constant warning against its machinations may have given the impression in some quarters that what we have to say on the subject is "biased" and as likely to be as untrustworthy as any of the blandishments of the Kremlin.

All this, needless to say, is not intended to say that we must stop trying to steer the world away from war and to guide it in the ways in which seem to us most promising. It merely says that we must take the world as we find it, and not be blinded by our own established notions or mislead by ignorance of what the remainder of the world is thinking. In other words, in these areas as in so many others, we should be more genuine realists than we often are.

Exchange Forms Bonding Corp.

The New York Stock Exchange has announced it has taken out "excess" fidelity bonds totaling $10 million to provide customers of member organizations with additional protection beyond that called for in the Exchange's recently expanded fidelity insurance program. The bonds will be administered through a new, wholly-owned subsidiary of the Exchange, the Newin Corp.

Keith Funston, President of the Exchange, called the new fidelity bonds the final step by the Board of Governors in the Exchange's program to provide added protection to customers against possible loss due to fraudulent acts by personnel of the 575 member organizations doing business with the public.

He said the "excess coverage" would come into play in the event a loss to an individual member organization exhausted its own fidelity bond recoveries and all of its other assets and those of its general partners.

In Securities Business

BETHPAGE, N. Y.—Mortimer B. Posner is conducting a securities business from offices at 10 Helen Court.

Forms Program Planning

Harold Grill is engaging in a securities business from offices at 550 Fifth Avenue, New York City, under the firm name of Program Planning Co.

Rutenberg Assoc. Formed

BROOKLYN, N. Y. — Rutenberg Associates, Inc. is engaging in a securities business from offices at 135 Eastern Parkway.

Second State Capital Corp.

Second State Capital Corporation is engaging in a securities business from offices at 20 Broad St., New York City.

American Teachers Research

JAMAICA, N. Y. — American Teachers Research Service, Inc. is engaging in a securities business from offices at 155-28/30 Jamaica Avenue.

E. B. Aymes Formed

BROOKLYN, N. Y.—E. B. Aymes, Inc. is engaging in a securities business from offices at 1911 Dorchester Road.

Benjamin Braude Opens

Benjamin Braude is conducting a securities business from offices at 570 Fifth Avenue, New York City under the firm name of B. Braude Company.

Coronet Inv. Planning

NORTH MASSAPEQUA, N. Y.—Coronet Investors Planning Co., Inc. is conducting a securities business from offices at 1101 North Broadway.

C. W. Curran Opens

Charles W. Curran is conducting a securities business from offices at 145 East 49th Street, New York City (c/o Howard Gotbetter).

Form Dartmouth Secs.

Dartmouth Securities Corporation has been formed with offices at 11 Broadway, New York City, to engage in a securities business.

Ecoplan in N. Y. City

Ecoplan Company has opened an office at 150 Broadway, New York City. The firm was previously active in Red Bank, N. J.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Reason — Self Interest - Individuality

Every salesman of securities sooner or later comes into conflict with himself emotionally. The very nature of this type of work makes it almost impossible for an intelligent salesman who has some imagination not to become dissatisfied with himself from time to time. If you are at all successful, you are meeting people who have accumulated a certain amount of material substance in their lifetime. Some of these people may be many times a millionaire. Many of them may have been brilliant money makers, others may have been particularly lucky; but whatever the case, you as a salesman will have occasional opportunities to say to yourself, "What's the matter with me, why am I plodding along; making just about as good a living as the next fellow, and if I have anything left, it is going out in income taxes, insurance, and for other family responsibilities?" It is not an easy thing to control your emotions and refrain from this kind of destructive thinking.

Every Person Has a Duty to Himself

In these days of widely accepted emphasis on altruism, collectivism, and security, it may not be fashionable for a man to be a realist. But if you think about your place in this society, you will eventually admit that you as an individual have certain abilities, and a character that is all your own, and **that** is your stock in trade. Again, there is an over-emphasis on the acquisition of material wealth as the hallmark of a human being's worth and his happiness today. With widespread materialism in vogue, with a government dedicated to providing the material needs of our country, come inflation, collectivism, or even by edict if it would be necessary to accomplish what a few men believe to be the abundant life for all Americans, it is not surprising that so many otherwise sound men are taking tranquilizers, or retiring to the psychiatrist's couch these days.

If ever a doctrine of life was unsound, it is that which is based upon the theory that only material success brings "happiness." I've met many men who have reached the pinnacle of financial and business success in my life. I've done business with them, I've heard them pour their hearts out in moments when a real closeness existed, and it is as true today as ever in the past—material success alone does not make a man happy.

But, if a man has used his faculties for the betterment of his own self-interest, if he has built a business that has created employment for others, if he has dealt fairly with his employees, his associates, and his customers; and he has placed his own ego in its proper focus, then and there, you will find a man who has derived some great moments of satisfaction from his endeavors.

Use Your Talents

This over-emphasis upon the glorification of a man's little ego to the extent that his value and his worth as a human being is somehow determined by the size of his financial statement, is one of the most grotesque fabrications in our present-day society. I'd like to see some of these very clever promoters who have amassed some quick millions during the past few years perform a delicate piece of brain surgery, or even handle the cashier's job in a busy broker's office, or for that matter repair a television set, or operate a successful farm.

If you are a salesman and that is your skill, be a good one. Try to improve your abilities, your knowledge and your health. If you think you can become a promoter of companies, a developer of a business, or a finder of successful businesses that need financing, work at this; study and learn how to do it. If you have the ability and the determination to run your own business and you want to start a firm of your own, lay the groundwork and go to it.

But don't think that because you are a salesman you aren't as good a man as the fellow who has the millions. If you are a man you will be first of all an individualist. That, in my book, means a man who can sit down, look at himself objectively, make up his mind what he wants to do and then goes ahead and works at it. Such a man has no time for envy, self destruction or emotional nonsense. He finds his happiness in pursuing his own self interest, as he wishes to do so, and as his reason and his common sense dictates is the right course of action for HIM!

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

• Accesso Corp. (4/20)
Jan. 30, 1961 filed 40,000 shares of common stock and 40,000 shares of preferred stock (par $10) to be offered for public sale in units consisting of one share of common and one share of preferred stock. **Price**—$15 per unit. **Business**—The company is engaged in the design, manufacture and sale of fluorescent lighting systems, acoustical tile hangers, metal tiles and other types of acoustical ceiling systems. **Proceeds**—For the repayment of loans and general corporate purposes. **Office** — 3425 Bagley Avenue, Seattle, Wash. **Underwriter**—Ralph B. Leonard & Sons, Inc., New York City (managing).

• Acme Missiles & Construction Corp.
Jan. 6, 1961 filed 30,000 outstanding shares of class A common stock. **Price** — To be supplied by amendment. **Business**—The construction and installation of missile launching platforms. **Proceeds**—To selling stockholders. **Office** — 43 North Village Avenue, Rockville Centre, N. Y. **Underwriter**—None.

• ACR Electronics Corp. (4/17-21)
Feb. 27, 1961 refiled 125,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For salaries of additional personnel, liquidation of debt, research and the balance for working capital. **Office**—551 W. 22nd St., New York City. **Underwriter**—Robert Edelstein Co., Inc., New York City.

• A-Drive Auto Leasing System, Inc. (4/5-7)
Jan. 19, 1961 filed 100,000 shares of class A stock, of which 75,000 are to be offered for public sale by the company and 25,000 shares, being outstanding stock, by the present holders thereof. **Price**—$10 per share. **Business**—The company is engaged in the business of leasing automobiles and trucks for periods of over one year. **Proceeds**—To repay loans; open new offices in Philadelphia, Pa., and New Haven, Conn.; lease and equip a large garage in New York City and lease additional trucks. **Office**—1616 Northern Boulevard, Manhasset, N. Y. **Underwriter**—Hill, Darlington & Grimm, New York City (managing).

• Adler Electronics, Inc. (4/17-21)
Feb. 20, 1961 filed 160,000 shares of common stock, of which 110,000 shares will be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Rochelle, N. Y. **Underwriter** — Carl M. Loeb, Rhoades & Co., New York City (managing).

Advanced Investment Management Corp.
Jan. 13, 1961 filed 500,000 shares of common stock. **Price**—$3.50 per share. **Business**—The company was organized in October, 1960 to operate an insurance home office service and management company with the related secondary purpose of owning investments in entities engaged in the insurance business. **Proceeds**—The company will use the proceeds estimated at $851,895 as a reserve for the acquisition of interests in life insurance; for furniture and fixtures; for the establishment of a sales organization and for working capital. **Office**—The Rector Building, Little Rock, Ark. **Underwriter**—Advanced Underwriters, Inc., Little Rock, Ark.

★ Aerotest Laboratories Inc. (5/22-26)
March 24, 1961 filed 100,000 shares of common stock, (par 10 cents), of which 40,000 shares are to be offered for public sale by the company and 60,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The testing of components and systems designed and manufactured under government contracts by companies in the missile, space, electronic and aircraft industries. **Proceeds**—To repay loans, buy additional equipment and for working capital. **Office**—Deer Park, L. I., N. Y. **Underwriter**—Hayden, Stone & Co., New York City (managing).

Airwork Corp. (4/24-28)
March 17, 1961 filed $1,500,000 of 6% subordinated debentures, due May 1, 1976 and 10-year warrants to purchase 125,000 shares of common stock, to be offered for public sale in units consisting of $1,000 of debentures and an unattached warrant to purchase an undisclosed number of common shares. **Price** — To be supplied by amendment. **Business**—The overhaul and sale of aircraft engines, instruments and accessories. **Proceeds**—To repay bank loans and for working capital. **Office**—Millville, N. J. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C., and New York City.

• Air-X Industries, Inc. (4/3)
Jan. 31, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For purchase of machinery and equipment and for furniture and fixtures and leasehold improvements, including electrical plumbing and heating work. **Office**—1210 Randall Avenue, Bronx, N. Y. **Underwriter**—Lewis Wolf Associates, New York, N. Y.

Alaska Creamery Products, Inc.
Dec. 19, 1960 (letter of notification) 130,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase equipment, and other necessary materials for distribution of dairy products. **Address**—Anchorage, Alaska. **Underwriter**—To be named.

Alaska-North America Investment Co.
March 10, 1961 filed 250,000 shares of common stock (par 25c). **Price**—$5.70 per share. **Business**—A closed-end non-diversified investment company. **Proceeds**—For investment. **Office**—1511 K. St., N. W., Washington, D. C. **Underwriter**—Balogh & Co., Inc., Washington 5, D. C.

• Alberto-Culver Co. (4/5-6)
Feb. 15, 1961 filed 155,000 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 130,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of cosmetic and toiletry preparations, particularly in the hair care field. **Proceeds**—For additional working capital. **Office**—2525 Armitage Ave., Melrose Park, Ill. **Underwriter**—Shields & Co., New York City (managing).

All-State Credit Corp. (4/20)
Feb. 21, 1961 filed 200,000 shares of class A stock. **Price**—$5 per share. **Business**—A sales finance company, specializing in the purchase of conditional sales contracts from furniture and appliance dealers throughout the New York City area. **Proceeds**—For the repayment of debt and for working capital. **Office**—71 West Merrick Blvd., Valley Stream, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc.

• All-Tech Industries, Inc.
Feb. 23, 1961 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To repay a bank loan, retire a chattel mortgage and for working capital. **Address**—Miami, Fla. **Underwriter**—Robert L. Ferman & Co., Inc., Miami, Fla. **Offering**—Imminent.

America-Israel Phosphate Co.
Dec. 23, 1960 filed 125,000 shares of common stock, each share of which carries two warrants to purchase two additional common shares in the next issue of shares, at a discount of 25% from the offering price. **Price**—$4 per share. **Business**—The prospecting and exploration for phosphate mineral resources in Israel. **Proceeds**—For general business purposes. **Office** — 82 Beaver Street, New York City. **Underwriter**—Casper Rogers Co., New York City (managing).

American Educational Life Insurance Co.
Dec. 5, 1960 filed 960,000 shares of class A common voting stock (par $1) and 240,000 shares of class B non-voting common stock to be sold in uints, each unit to consist of 4 shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Business**—The writing of life insurance and allied lines of insurance. **Proceeds**—For capital and surplus. **Office** — Third National Bank Bldg., Nashville, Tenn. **Underwriter**—Standard American Securities, Inc., Nashville, Tenn.

★ American Financial Corp.
March 24, 1961 filed 175,000 shares of common stock, of which 125,000 shares are to be offered for public sale by the company and 50,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The operation of three Ohio savings and loan associations, an automobile and truck leasing business, and a small building contracting business in southern Ohio. **Proceeds**—The repayment of debt and for general corporate purposes. **Office**—3955 Montgomery Road, Norwood, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio (managing). **Offering** — Expected in May.

• American Gas Co.
March 22, 1961 filed 101,081 shares of common stock to be offered for subscription by stockholders on the basis of 2.7 new shares for each share held. **Price**—$3.50 per share. **Proceeds**—To repay bank loans and for construction. **Office**—546 South 24th Ave., Omaha, Neb. **Underwriter**—Cruttenden, Podesta & Co., Chicago (managing).

American Molded Fiberglass Co. (4/3)
Dec. 27, 1960 (letter of notification) 37,043 shares of common stock (par 40 cents). **Price**—$4 per share. **Business** — Manufacturers of fiberglass swimming pools, canoes and small trailer bodies and other custom molded fiberglass products. **Proceeds** — For general corporate purposes. **Office** — 40 Lane St., Paterson, N. J. **Underwriter**—Vestal Securities Corp., New York, N. Y.

Continued on page 42

NEW ISSUE CALENDAR

March 31 (Friday)
Inter-Mountain Telephone Co.____________**Common**
(Offering to stockholders—underwritten by Courts & Co.) $4,650,000

April 3 (Monday)
Air-X Industries, Inc.____________**Common**
(Lewis Wolf Associates) $300,000
American Fidelity Building & Loan Assn.__ **Com.**
(McClane & Co., Inc.) $500,000
American Molded Fiberglass Co.__________**Common**
(Vestal Securities Corp.) $148,172
Beau Electronics, Inc.____________**Common**
(Cooley & Co.) $140,000
Brooks Instrument Co., Inc.____________**Common**
(Andresen & Co.) 100,000 shares
Claude Southern Corp.____________**Common**
(Blaha & Co., Inc.) $280,000
Clifton Precision Products Co., Inc.______**Common**
(W. C. Langley & Co.) 60,000 shares
Copter Skyways, Inc.____________**Common**
(C. A. Benson & Co., Inc.) $450,000
Dynatronics, Inc.____________**Common**
(R. S. Dickson & Co.) 120,000 shares
Electro Consolidated Corp.____________**Common**
(Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc.) $600,000
Jet-Aero Corp.____________**Common**
(Netherlands Securities Co., Inc.) $300,000
Marcon Electronics Corp.____________**Common**
(Meade & Co.) $300,000
Mesabi Iron Co.____________**Capital**
(Offering to stockholders—no underwriting) $7,159,320
National Food Marketers, Inc.____________**Common**
(Robert Edelstein Co., Inc.) $400,000
Packard Instrument Co., Inc.____________**Common**
(A. G. Becker & Co., Inc.) 100,000 shares
Personal Property Leasing Co.____________**Capital**
(Dempsey-Tegeler & Co.) $975,000
Physio-Chem Corp.____________**Common**
(Fontana Securities, Inc.) $300,000
Resitron Laboratories, Ltd.____________**Common**
(D. E. Liederman & Co., Inc.) $200,000
Shinn Industries Inc.____________**Common**
(Myron A. Lomasney & Co.) $900,000
Winston-Muss Corp.____________**Units**
(Lee Higginson Corp.) $9,000,000

April 4 (Tuesday)
Central Mutual Telephone Co., Inc.________**Common**
(Offering to stockholders—underwritten by Folger, Fleming-W. B. Hibbs & Co., Inc.) $280,000
Marine Capital Corp.____________**Common**
(Paine, Webber, Jackson & Curtis) $9.995,000
Municipal Investment Trust Fund, Series A__**Units**
(Ira Haupt & Co.) $20,000,000
Presidential Realty Corp.____________**Common**
(Burnham & Co.) 150,000 shares
Rego Insulated Wire Corp.____________**Common**
(Russell & Saxe, Inc.) $900,000
Southern California Edison Co.____________**Bonds**
(Bids 8:30 a.m. PST) $30,000,000
Southern Pacific Co.____________**Equip. Trust Ctfs.**
(Bids noon EST) $4,245,000

April 5 (Wednesday)
A-Drive Auto Leasing System, Inc.________**Class A**
(Hill, Darlington & Grimm) $1,000,000
Alberto-Culver Co.____________**Common**
(Shields & Co.) 155,000 shares
Deere (John) Credit Co.____________**Debentures**
(Harriman Ripley & Co., Inc.) $25,000,000
Tennessee Gas Transmission Co.________**Preferred**
(Stone & Webster Securities Corp. and White, Weld & Co.) 200,000 shares

April 6 (Thursday)
Dynamic Instrument Corp.____________**Common**
(T. W. Lewis & Co., Inc.) $300,000
Flintkote Co. ____________**Debentures**
(Lehman Brothers) $35,000,000
General Telephone Co. of Calif.__________**Preferred**
(Paine, Webber, Jackson & Curtis, and Mitchum, Jones & Templeton) 500,000 shares
Mansfield Industries, Inc.____________**Common**
(McDonnell & Co., Inc.) 150,000 shares

April 10 (Monday)
Automation Development, Inc.____________**Common**
(First Philadelphia Corp.) $150,000
Borman Food Stores, Inc.____________**Common**
(Shields & Co.) 52,000 shares
Community Research & Developm't, Inc.__**Common**
(Offering to stockholders—underwritten by Alex. Brown & Sons) 620,445 shares
Custom Components, Inc.____________**Common**
(Manufacturers Securities Corp.; Bioren & Co.; William Stix Wasserman & Co., Inc.; Chace, Whiteside & Winslow, Inc. and Draper, Sears & Co.) $495,000
Customline Control Panels, Inc.____________**Common**
(Blaha & Co., Inc.) $300,000
Honey Dew Food Stores, Inc.____________**Common**
(Underwriter to be named) $290,000
Income Planning Corp.____________**Units**
(Espy & Wanderer, Inc.) $200,000
Irvington Steel & Iron Works____________**Common**
(L. L. Fane & Co., Inc.) $300,000
Kings Electronics Co., Inc.____________**Common**
(Ross, Lyon & Co., Inc.) $1,180,748
Majestic Specialties, Inc.____________**Common**
(Hayden, Stone & Co.) 140,000 shares
Progress Webster Electronics Corp.______**Common**
(Marron, Sloss & Co., Inc.) $675,000
Roblin-Seaway Industries, Inc.____________**Class A**
(Brand, Grumet & Seigel, Inc.) $480,000
Talley Industries, Inc.____________**Debentures**
(Adamas & Peck and McDonnell & Co., Inc.) $1.500.000
White Shield Corp.____________**Common**
(Adams & Peck) 50,000 shares

Continued on page 42

Continued from page 41

April 11 (Tuesday)

Commonwealth International & General Fund — Com.
(North American Securities Co.) Amount unknown

Dekcraft Corp. — Common
(Carter, Berlind, Potoma & Weill) 92,000 shares

Max Factor & Co. — Class A
(Blyth & Co., Inc.) 400,000 shares

New England Telephone & Telegraph Co. — Debs.
(Bids to be received) $45,000,000

April 12 (Wednesday)

Colonial Mortgage Service Co. — Common
(Drexel & Co. and Stroud & Co.) 106,000 shares

Hawaiian Electric Co., Ltd. — Bonds
(Dillon, Read & Co., Inc. and Dean Witter & Co.) $12,000,000

Northern Instrument Corp. — Common
(I. R. E. Investors Corp.) $300,000

Selas Corp. of America — Common
(Eastman Dillon, Union Securities & Co.) 170,000 shares

United International Fund Ltd. — Common
(Kidder, Peabody & Co., Bache & Co. and Francis I. du Pont & Co.) $12,500,000

April 13 (Thursday)

Spiegel Corp. — Debentures
(Wertheim & Co.) $40,000,000

April 17 (Monday)

ACR Electronics Corp. — Common
(Robert Edelstein Co., Inc.) $375,000

Adler Electronics, Inc. — Common
(Carl M. Loeb, Rhoades & Co.) 160,000 shares

Amity Corp. — Common
(Karen Securities Corp.) $226,217

Chalco Engineering Corp. — Common
(First Broad Street Corp.) $600,000

Chroma-Glo, Inc. — Common
(Jamieson & Co.) $297,000

Coleman Engineering Co., Inc. — Common
(Auchincloss, Parker & Redpath) 150,000 shares

Consolidated Activities, Inc. — Debentures
(G. F. Nicholls & Co., Inc.) $1,000,000

Consolidated Activities, Inc. — Common
(G. F. Nicholls & Co., Inc.) $175,000

Daffin Corp. — Common
(Lehman Brothers and Piper, Jaffray & Hopwood) 150,000 shares

Independent Telephone Corp. — Common
(Burnham & Co.) 350,000 shares

Kreisler (Charles) Inc. — Common
(Albion Securities Co., Inc.) $300,000

Mohawk Insurance Co. — Common
(R. F. Dowd & Co., Inc.) $900,000

Ohio-Franklin Fund, Inc. — Common
(Distributor—The Ohio Co.) 2,000,000 shares

Publishers Co., Inc. — Common
(Amos Treat & Co., Inc. and Roth & Co., Inc.) $2,200,000

Tassette, Inc. — Class A
(Amos Treat & Co., Inc.) 200,000 shares

Tronomatic Corp. — Common
(Plymouth Securities Corp.) $260,000

U. S. Mfg. & Galvanizing Corp. — Common
(Armstrong Corp.) $300,000

April 18 (Tuesday)

Charles of the Ritz, Inc. — Common
(White, Weld & Co., Inc.) 215,000 shares

Mack Trucks, Inc. — Debentures
(Eastman Dillon, Union Securities & Co.) $20,000,000

Mead Corp. — Debentures
(Drexel & Co. and Harriman Ripley & Co.) $25,000,000

Minneapolis-Honeywell Regulator Co. — Preference
(Eastman Dillon, Union Securities & Co.) 250,000 shares

Minneapolis-Honeywell Regulator Co. — Debens.
(Eastman Dillon Union Securities & Co.) $25,000,000

Missouri Pacific RR. — Equip. Trust Ctfs.
(Bids to be received) $6,000,000

April 19 (Wednesday)

United States Steel Corp. — Debentures
(Morgan Stanley & Co.) $300,000,000

April 20 (Thursday)

Accesso Corp. — Units
(Ralph B. Leonard & Sons, Inc.) $600,000

All-State Credit Corp. — Class A
(Mortimer B. Burnside & Co., Inc.) $1,000,000

Grolier Inc. — Common
(Dominick & Dominick) 120,000 shares

Haloid Xerox Inc. — Debentures
(Offering to stockholders—underwritten by First Boston Corp.) $15,093,600

Orange & Rockland Utilities, Inc. — Bonds
(Bids to be received) $12,000,000

Transcontinental Gas Pipe Line Corp. — Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $35,000,000

April 24 (Monday)

Airwork Corp. — Units
(Auchincloss, Parker & Redpath) $1,500,000

Ampoules, Inc. — Common
(Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc.) $400,000

Blatt (M.) Co. — Common
(Maltz, Greenwald & Co.; Clayton Securities Corp.; Rodetsky, Kleinzahler, Walker & Co. and L. C. Wegard & Co.) 100,000 shares

Dixie Natural Gas Corp. — Common
(Vestal Securities Corp.) $300,000

Duke Power Co. — Common
(Offering to stockholders—no underwriting) 368,000 shares

Electro-Mechanical Corp. — Common
(Manufacturers Securities Corp.) $224,200

Hurletron, Inc. — Common
(F. S. Moseley & Co.) 150,000 shares

Jodmar Industries, Inc. — Common
(Fontana Securities, Inc.) $300,000

National Fuel Gas Co. — Debentures
(Bids 11 a.m. EST) $27,000,000

United States Freight Co. — Debentures
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith, Inc.) $15,393,900

April 25 (Tuesday)

Endevco Corp. — Common
(White, Weld & Co.) 125,000 shares

Iowa-Illinois Gas & Electric Co. — Bonds
(Bids to be received) $15,000,000

Motorola, Inc. — Debentures
(Halsey, Stuart & Co. and Goldman, Sachs & Co.) $30,000,000

New England Telephone & Telegraph Co. — Com.
(Offering to stockholders—no underwriting) approx. 3,150,000 shares)

April 26 (Wednesday)

Madison Gas & Electric Co. — Bonds
(Bids 11 a.m., EST) $7,000,000

May 1 (Monday)

Dodge Wire Corp. — Common
(Plymouth Securities Corp.) $600,000

Economy Book Co. — Common
(Hayden, Stone & Co.) 150,000 shares

Elion Instruments, Inc. — Capital
(Warner, Jennings, Mandel & Longstreth) 60,000 shares

Season-All Industries, Inc. — Common
(Moore, Leonard & Lynch) 100,000 shares

Sigma Instruments, Inc. — Common
(W. C. Langley & Co.) 200,000 shares

Spartans Industries, Inc. — Common
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 200,000 shares

Stratton Corp. — Debentures
(Cooley & Co.) $650,000

May 2 (Tuesday)

Bell Telephone Co. of Pennsylvania — Debentures
(Bids to be received) $50,000,000

May 3 (Wednesday)

Washington Gas Light Co. — Bonds
(Bids 11 a.m. EST) $15,000,000

Washington Natural Gas Co. — Common
(Bids to be received) 110,000 shares

May 4 (Thursday)

Sierra Pacific Power Co. — Common
(Offering to stockholders—no underwriting) Approximately 132,570 shares

May 8 (Monday)

Electronic Assistance Corp. — Common
(Hayden, Stone & Co.) 110,000 shares

May 9 (Tuesday)

King Kullen Grocery Co., Inc. — Class A
(Hemphill, Noyes & Co.) 180,000 shares

Peoples Gas Light & Coke Corp. — Bonds
(Bids to be received) $35,000,000

May 10 (Wednesday)

CTS Corp. — Common
(Goldman, Sachs & Co.) 300,000 shares

May 11 (Thursday)

Sierra Pacific Power Co. — Bonds
(Bids to be received) $6,500,000

May 15 (Monday)

Arkansas Power & Light Co. — Bonds
(Bids 11:30 a.m. EST) $12,000,000

Criterion Insurance Co. — Common
(Offering to stockholders—no underwriting) $3,120,000

Wayne-George Corp. — Common
(Hayden, Stone & Co.) 80,000 shares

May 16 (Tuesday)

Harcourt Brace & World, Inc. — Common
(White, Weld & Co., Inc.) 101,398 shares

New York State Electric & Gas Corp. — Bonds
(Bids 11 a.m. EST) $25,000,000

May 17 (Wednesday)

Beam (James B.) Distilling Co. — Common
(Goldman, Sachs & Co.) 200,000 shares

Pennsylvania Electric Co. — Bonds
(Bids 11 a.m. EST) $10,000,000

May 18 (Thursday)

Interstate Power Co. — Bonds
(Bids 11 a.m. EST) $9,000,000

Interstate Power Co. — Common
(Offering to stockholders—Bids 11:00 a.m. EST) 200,000 shares

May 22 (Monday)

Aerotest Laboratories Inc. — Common
(Hayden, Stone & Co.) 100,000 shares

Ohio Edison Co. — Bonds
(Bids to be received) $30,000,000

May 23 (Tuesday)

Michigan Consolidated Gas Co. — Bonds
(Bids 10:30 a.m. EST) $30,000,000

May 25 (Thursday)

New Orleans Public Service, Inc. — Bonds
(Bids to be received) $15,000,000

May 29 (Monday)

Rocket Jet Engineering Corp. — Common
(Thomas Jay, Winston & Co., Inc. and Maltz, Greenwald & Co.) 110,000 shares

May 31 (Wednesday)

Indiana & Michigan Eelctric Co. — Debentures
(Bids 11:30 a.m. EST) $20,000,000

June 1 (Thursday)

Columbia Gas System, Inc. — Debentures
(Bids to be received) $30,000,000

June 5 (Monday)

Pennsylvania Electric Co. — Debentures
(Bids noon EST) $12,000,000

June 6 (Tuesday)

American Telephone & Telegraph Co. — Bonds
(Bids to be received) $250,000,000

Public Service Electric & Gas Co. — Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 900,000 shares

June 8 (Thursday)

Brooklyn Union Gas Co. — Bonds
(Bids to be received) $20,000,000

June 13 (Tuesday)

Virginia Electric & Power Co. — Bonds
(Bids 11 a.m. EST) $30,000,000 to $35,000,000

June 14 (Wednesday)

Michigan Wisconsin Pipe Line Co. — Bonds
(Bids 11 a.m. EST) $30,000,000

June 15 (Thursday)

Photronics Corp. — Common
(Offering to stockholders—underwritten by L. D. Sherman & Co.) 150,000 shares

Southern Electric Generating Co. — Bonds
(Bids 11 a.m. EST) $25,000,000

June 20 (Tuesday)

Consolidated Edison Co. of New York, Inc. — Bonds
(Bids 11 a.m. EST) $50,000,000

June 27 (Tuesday)

Massachusetts Electric Co. — Bonds
(Bids to be received) $17,500,000

September 28 (Thursday)

Mississippi Power Co. — Bonds
(Bids to be received) $5,000,000

Mississippi Power Co. — Preferred
(Bids to be received) $5,000,000

October 18 (Wednesday)

Georgia Power Co. — Bonds
(Bids to be received) $15,500,000

Georgia Power Co. — Preferred
(Bids to be received) $8,000,000

December 5 (Tuesday)

Virginia Electric & Power Co. — Bonds
(Bids to be received) $15,000,000

December 7 (Thursday)

Gulf Power Co. — Bonds
(Bids to be received) $5,000,000

Continued from page 41

American Mortgage Investment Corp.
April 29, 1960 filed $1,800,000 4% 20-yr. collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Telephone & Telegraph Co.
Jan. 27, 1961 filed 11,225,000 shares of capital stock being offered for subscription by stockholders on the basis of one new share for each 20 shares held of record Feb. 23, with rights to expire April 14. **Price**—$86 per share. **Proceeds**—For advances to subsidiaries, for the purchase of stock offered for subscription by such companies, for expansion of its own facilities and for general corporate purposes. **Office**—195 Broadway, New York City. **Underwriter**—None.

● Amity Corp. (4/17-21)
Jan. 17, 1961 filed 88,739 shares of common stock (par $1). **Price**—$3 per share. **Business**—Land development, including the building of an air strip, a marina, and a housing cooperative. This is the issuer's first public financing. **Proceeds**—For general corporate purposes, including $170,000 for construction and $12,000 for debt reduction. **Office**—Equitable Building, Baltimore, Md. **Underwriter**—Karen Securities Corp., New York City.

Ampoules, Inc. (4/24-28)
Feb. 28, 1961 filed 100,000 shares of common stock. **Price**—$4 per share. **Business**—The design and development of sterile disposable hypodermic ampoules for administering medication. **Proceeds**—For general corporate purposes including laboratory equipment, salaries for engineers, moulds and dies, and working capital. **Office**—238 North Main St., Hudson, Ohio. **Underwriters**—Brand, Grumet & Seigel, Inc., and Kesselman & Co., Inc., both of New York City.

● Angeles Crest Development Co., Inc.
Feb. 27, 1961 filed $1,500,000 of 7% subordinated debentures due April 1, 1971 and 75,000 shares of common stock to be offered for public sale in units consisting of $500 of debentures and 25 common shares. **Price**—$632.50 per unit. **Business**—The company was organized under California law in April, 1960, to acquire land for the development of residential lots, a golf course and related facilities. **Proceeds** — For the payment of a mortgage note, for development expenses and for working capital. **Office**—3436 North Verdugo Road, Glendale, Calif. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo., and Lester, Ryons & Co., Los Angeles, Calif. **Offering**—Expected in late April.

● Aqua-Chem, Inc.
March 3, 1961 filed 340,000 shares of common stock (par $1), of which 227,000 are to be offered for public sale by the company and 113,000 outstanding shares by Cleaver-Brooks Co., its parent. **Price**—To be supplied by amendment. **Business** — The company, formerly Cleaver-Brooks Special Products, Inc., is engaged principally in the development, manufacture and sale of equipment used for desalting and purifying sea and brackish water. **Proceeds** — For research and development and working capital. **Office** — 225 North Grand Ave., Waukesha, Wis. **Underwriters** — Carl M. Loeb, Rhoades & Co., New York City and Loewi & Co., Inc., Milwaukee, Wis. (managing). **Offering** — Expected in late April.

★ Arizona Color Film Processing Laboratories, Inc.
March 23, 1961 filed 2,100,500 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each share held. **Price** —22 cents per share. **Business**—The processing of black and white and color film. **Proceeds**—To repay loans and for working capital. **Office**—2 North 30th Street, Phoenix, Ariz. **Underwriter**—None.

★ Arkansas Power & Light Co. (5/15)
March 23, 1961 this subsidiary of Middle South Utilities filed $12,000,000 of first mortgage bonds, due 1991. **Office**—Ninth and Louisiana Streets, Little Rock, Ark. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers; Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—To be received May 15 at 11:30 a.m. (EST).

● Armstrong Paint & Varnish Works, Inc.
March 9, 1961 filed 207,315 outstanding shares of common stock, to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of paint, varnish, lacquer and paint cans. **Proceeds**—For the selling stockholders. **Office**—1330 South Kilbourn Ave., Chicago, Ill. **Underwriter** — Lee Higginson Corp., New York City (managing). **Offering**—Expected in late April.

★ Associated Women Investors, Inc.
March 13, 1961 (letter of notification) 90,581 shares of common stock (par $2). **Price**—$3 per share. **Proceeds**—For purchase of real estate for investment purposes. **Office**—442 W. Lafayette Street, Tampa, Fla. **Underwriter**—None.

★ Astek Instrument Corp.
March 17, 1961 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Business**—The manufacture of flight instruments and control systems for missiles, space vehicles and aircraft. **Proceeds**—For leasehold improvements, furniture and equipment, the purchase of equipment, and working capital. **Office**—Room 506, 40 Exchange Place, New York 5, N. Y. **Underwriter**—M. H. Woodhill, Inc., New York, N. Y.

● Atlantic Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 2,000,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—Capital Counsellors, 50 Broad Street, New York City. **Note**—This company was formerly the Irving Fund for Investment in U. S. Government Securities, Inc.

Audiographic Inc.
Feb. 27, 1961 filed 150,000 shares of common stock. **Price** —$4 per share. **Business**—The manufacture and sale of fire and burglar warning systems. **Proceeds**—To establish subsidiaries, buy equipment to make component parts of warning systems now manufactured by others, reduce indebtedness, add to inventory, and for working capital. **Office**—Bellemore, L. I., N. Y. **Underwriter**—First Broad Street Corp., New York City (managing).

Automatic Canteen Co. of America
Feb. 7, 1961 filed 127,725 outstanding common shares. **Price** — To be supplied by amendment. **Business**—The development, manufacture, sale, lease and servicing of vending machines. **Proceeds**—To the selling stockholders. **Office**—Merchandise Mart Plaza, Chicago, Ill. **Underwriter**—None.

Automation Development, Inc. (4/10-14)
Jan. 27, 1961 (letter of notification) 40,000 shares of common stock (par 5 cents). **Price**—$3.75 per share. **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—First Philadelphia Corp., New York, N. Y.

B. M. C. Industries, Inc.
March 1, 1961 filed 50,000 shares of 7% non-cumulative preferred stock (par $7.50); and 200,000 shares of common stock (par one cent), of which 50,000 shares are to be offered for public sale by the company and 150,000 outstanding shares by the present holder thereof. The offering will be made in units, each unit to consist of one preferred share and four common shares. **Price**—$11.50 per unit. **Business**—The company, formerly Beakatron Manufacturing Corp., manufactures, assembles and distributes a diverse line of electronic components for use in guidance and communication systems. **Proceeds**—For expansion and working capital. **Office**—1101 1100 Utica Ave., Brooklyn, N. Y. **Underwriter**—International Services Corp., Paterson, N. J.

★ Beam (James B.), Distilling Co. (5/17)
March 24, 1961 filed 200,000 outstanding common shares. **Price**—To be supplied by amendment. **Business**—The production of whiskeys, vodka, brandies and cordials. **Proceeds**—For the selling stockholders. **Office**—65 East South Water Street, Chicago, Ill. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

● Beau Electronics, Inc. (4/3)
March 3, 1961 (letter of notification) 40,000 shares of common stock (no par). **Price**—$3.50 per share. **Proceeds** —For purchase of equipment, development, marketing, payment of long-term analysis and working capital. **Office**—1060 Wolcott Rd., Waterbury, Conn. **Underwriter**—Cooley & Co., Hartford, Conn.

● Beckman Instruments, Inc.
Feb. 21, 1961 filed 69,933 shares of common stock (par $1) being offered for subscription by common stockholders of record March 28, on the basis of one share for each 20 shares held with rights to expire on April 11. **Price** — $114 per share. **Business** — Manufactures electronic instruments, components and systems, including precision analytical instruments, computers, precision potentiometers, radiation and medical instruments. **Office**—2500 Harbor Blvd., Fullerton, Calif. **Underwriter** —Lehman Brothers, New York City (managing).

Beryllium Manufacturing Corp.
Feb. 27, 1961 filed 105,000 shares of common stock. **Price** —$4.50 per share. **Business** — The fabrication of pure beryllium components and other materials. **Proceeds**—For expansion and inventory, with the balance for working capital. **Office**—253 W. Merrick Rd., Valley Stream, L. I., N. Y. **Underwriter**—Eldes Securities Corp., New York City. **Offering**—Expected in late April.

Big Boy Properties, Inc.
March 20, 1961 filed 100,000 shares of common stock. **Price**—$10 per share. **Business**—The company plans to operate a chain of "Big Boy" restaurants in California. **Proceeds** — For the purchase of restaurants and other properties. **Office**—1001 East Colorado Street, Glendale, Calif. **Underwriter**—None.

Blatt (M.) Co. (4/24-28)
Feb. 28, 1961 filed 100,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Business** — The issuer manufactures and installs bowling lanes and related equipment. **Proceeds**—For expansion, new equipment, the repayment of debts and for working capital. **Office**—315 Third St., Trenton, N. J. **Underwriters**—Maltz, Greenwald & Co., New York City (managing); Clayton Securities Corp., Boston, Mass.; Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; and L. C. Wegard & Co., Levittown, N. J.

● Borman Food Stores, Inc. (4/10-12)
Feb. 14, 1961 filed 52,000 outstanding shares of common stock. **Price**—To be related to the current market price on the New York Stock Exchange at the time of the offering. **Business** — Operates a chain of "Food Fair" supermarkets in the Detroit area. **Proceeds** — For the selling stockholders. **Office** — 12300 Mark Twain Ave., Detroit, Mich. **Underwriter** — Shields & Co. New York City.

Briel Industries, Inc.
Feb. 17, 1961 (letter of notification) 11,590 shares of class A common stock (par $2.50) to be offered for subscription by stockholders on the basis of one new share for each 16 shares held. **Price**—$8 per share. **Proceeds**—For construction and working capital. **Address**—Industrial Park, Shelbyville, Ky. **Underwriters**—J. J. B. Hilliard & Son and Stein Bros. & Boyce, both of Louisville, Ky.

Broadcast International, Inc.
Feb. 28, 1961 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Business**—Producers of radio and television programs. **Proceeds**—For general corporate purposes. **Office**—3 W. 57th St., New York City. **Underwriter**—Harry Odzer Co., New York, N. Y.

Brooks Instrument Co., Inc. (4/3-7)
Feb. 16, 1961 filed 150,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—Formerly known as Brooks Rotameter Co., the firm manufactures variable area flow meters, generally called "rotometers." **Proceeds**—For European expansion, research and development, and working capital. **Office**—407 West Vine St., Hatfield, Pa. **Underwriter**—Andresen & Co., New York City.

★ Brown Fintube Co.
March 27, 1961 filed 122,000 shares of class A common stock (par $1), of which 100,000 shares are to be offered for public sale by the company and 22,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The production of heat-transfer equipment for use primarily in the petrochemical, chemical and refining industries. **Proceeds** — For new equipment and working capital. **Office**—300 Huron Street, Elyria, Ohio. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City. **Offering**—Expected in May.

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

CTS Corp. (5/10)
March 16, 1961 filed 300,000 shares of common stock (no par) of which 75,000 shares are to be offered for public sale by the company and 225,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—Manufactures electronic and electro-mechanical components, primarily variable resistors and associated switches. **Proceeds**—To repay debt and for working capital. **Office**—1142 West Beardsley Ave., Elkhart, Ind. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

★ Cable Carriers, Inc.
March 23, 1961 filed 156,109 shares of capital stock. **Price** —To be supplied by amendment. **Business**—The company which began operations in 1954, is engaged in the research and development of special material handling systems for industrial and commercial use based on company-owned patents. **Proceeds**—For working capital. **Office**—Kirk Boulevard, Greenville, S. C. **Underwriter**—To be named.

★ Cad-E-Mobile Corp. of America
March 20, 1961 (letter of notification) 60,000 shares of class A common stock (par five cents). **Price**—$2 per share. **Proceeds** — For salaries, advertising, inventory, and working capital. **Office**—1830 N. E. 163rd Street, North Miami Beach, Fla. **Underwriter**—Lloyd, Miller & Co., Washington, D. C.

California Financial Corp.
Feb. 23, 1961 filed 88,977 shares of capital stock, of which 35,000 are to be offered for public sale by the company and 53,977 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company, through a subsidiary is engaged in the savings and loan business in the San Francisco area. It also conducts an insurance agency business, renders management services to its subsidiaries and participates in the financing of real estate development projects. **Proceeds**—For the repayment of loans and for expansion. **Office** — 11 Tillman Place, San Francisco, Calif. **Underwriters**—William R. Staats & Co., Los Angeles and J. Barth & Co., San Francisco. **Offering**—Expected in early April.

● California Liquid Gas Corp.
March 21, 1961 filed 125,000 shares of common stock (par $1), of which 50,000 are to be offered for public sale by the company and 75,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The sale and distribution of liquified petroleum gas and accessory equipment. **Proceeds**—To finance the acquisitions of Ransome Co. of Nevada and Liquiefuel, Inc., to retire debt and for working capital. **Office**—P. O. Box 5073, Sacramento, Calif. **Underwriter**—Kidder, Peabody & Co., New York City (managing). **Offering**—Expected some time in May.

Central Hadley Corp.
Jan. 27, 1961 filed 41,829 outstanding shares of 5% cumulative convertible preferred stock (par $10), and 481,450 outstanding common shares. **Business**—A holding company with three wholly owned subsidiaries; B. H. Hadley, Inc., which designs, develops, tests and manufactures precision components for fluid control and regulation systems for the missile industry; Stellardyne Laboratories, Inc., which sells testing and cleaning services to the missile industry; and Central Explorers Co., which owns oil leases and develops the leases. **Proceeds** —To the selling stockholders. **Office**—596 North Park Avenue, Pomona, Calif. **Underwriter**—None.

Central Mutual Telephone Co., Inc. (4/4)
March 6, 1961 (letter of notification) 20,000 shares of common stock (par $10) to be offered for subscription by stockholders of record April 4, at the rate of 24 new shares for each 100 shares held with rights to expire April 21. **Price** — $14 per share. **Proceeds** — To repay short-term notes. **Address** — c/o C. Lacey Comption, Esq., Manassas, Va. **Underwriter**—Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc., Washington, D. C.

● Cerel-Ferini Associates, Inc.
Feb. 27, 1961 filed 200,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The company is engaged in the business of acquiring and developing land for use as industrial parks. **Proceeds**—For acquisitions, preparation of land and the construction of buildings for lease. **Office**—17 Strathmore Road, Natick, Mass. **Underwriter**—Bear, Stearns & Co., New York City (managing) states that they have withdrawn as underwriters and either a new underwriter will be named shortly or the issue will be withdrawn.

Chalco Engineering Corp. (4/17)
Jan. 30, 1961 filed 100,000 shares of common stock. **Price** —$6 per share. **Business**—The company is engaged in the business of engineering, research, development, manufacturing and installation of custom communication systems and electronic, electro-mechanical and mechanical systems and devices for ground support facilities for missile and space programs of the U. S. Government. The company also manufactures special purpose products sold for military use. **Proceeds**—For the repayment of loans and for working capital. **Office** — 15126 South Broadway, Gardena, Calif. **Underwriter** — First Broad Street Corp., New York City (managing).

Charles of the Ritz, Inc. (4/18)
March 7, 1961 filed 215,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The firm makes and sells cosmetics and toilet preparations for women and, through a subsidiary, makes and sells pencils and ball point pens and related products. **Proceeds**—For a selling stockholder. **Office**—11 E. 58th Street, New York City. **Underwriter**—White, Weld & Co., Inc., New York City (managing).

Chroma-Glo, Inc. (4/17-20)
March 2, 1961 (letter of notification) 90,000 shares of common stock (par 50 cents). **Price** — $3.30 per share. **Business** — The manufacture of pressure sensitive emblems. **Proceeds**—For payment of obligations; purchase of equipment; and for working capital. **Office**—525 Lake Ave., S., Duluth 2, Minn. **Underwriter**—Jamieson & Co., Minneapolis, Minn.

Church Builders, Inc.
Feb. 6, 1961 filed 50,000 shares of common stock, series 2. **Price**—$5.50 per share. **Business**—A closed-end diver-

Continued on page 44

Continued from page 43

sified investment company of the management type. **Proceeds**—For investment. **Office**—501 Bailey Avenue, Fort Worth, Texas. **Distributor**—Associates Management, Inc., Fort Worth, Texas.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

● **Claude Southern Corp. (4/3-7)**
Feb. 27, 1961 (letter of notification) 70,000 shares of common stock (par 10 cents) of which 60,000 shares are to be offered for the account of the company and 10,000 shares by a selling stockholder. **Price** — $4 per share. **Proceeds**—To retire bank loans, purchase machinery and equipment, and for expansion and working capital. **Office**—3950 N. W. 31st Ave., Miami, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

● **Clifton Precision Products Co., Inc. (4/3-7)**
Feb. 16, 1961 filed 60,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is engaged in the design, development, produtcion and sale of synchros, instrument servo-motors and certain servo-mechanisms for use primarily in aircraft and missiles. **Proceeds**—For the selling stockholder. **Office** — Marple Ave., at Broadway, Clifton Heights, Pa. **Underwriter**—W. C. Langley & Co., New York City.

★ **Clinton Shopping Center, Inc.**
March 23, 1961 (letter of notification) 1,500 shares of preferred stock (par $100) and 1,500 shares of class B common stock (par $1) to be offered in units of one share of preferred and one share of common. **Price**—$101 per unit. **Proceeds**—To purchase real property and for construction of a shopping center. **Office**—2 East Park Row, Clinton, N. Y. **Underwriter**—None.

Coastal Acceptance Corp.
March 1, 1961 (letter of notification) $175,000 of 10-year 7% registered series notes to be offered in varying denominations of $100 to $1,000. **Proceeds** — For general corporate purposes. **Office** — 36 Lowell Street, Manchester, N. H. **Underwriter**—Shontell & Varick, Manchester, N. H.

Coastal Dynamics Corp.
Jan. 30, 1961 filed 125,000 shares of class A stock. **Price** — $3 per share. **Business** — The company (formerly Coastal Manufacturing Corp.) merged with Wesco Plastic Products, Inc., and is principally engaged in the development, manufacture and sale of edge-lighted instrument and control panels for use in the aircraft, missile and electronic industries. **Proceeds** — For new equipment; payment of debts; to increase inventory of electronic component parts; and for working capital. **Office**—219 Rose Avenue, Venice, Calif. **Underwriter** — V. K. Osborne & Sons, Inc., Beverly Hills, Calif. (managing). **Offering**—Expected sometime in April.

● **Colber Corp.**
Jan. 26, 1961 (letter of notification) 100,000 shares of common stock (par 20 cents). **Price**—$3 per share. **Business**—Manufacturers of resistors. **Proceeds**—For purchase of machinery and equipment, leasehold improvements and for working capital. **Office**—26 Buffington St., Irvington, N. J. **Underwriter**—Richard Bruce & Co., Inc., 80 Pine St., New York 5, N. Y.

● **Coleman Engineering Co., Inc. (4/17-21)**
Feb. 28, 1961 filed 150,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The design, development, manufacture and sale of missile ground handling equipment, electromechanical parts, products and systems. **Proceeds**—To retire bank borrowings, with the balance for working capital and general corporate purposes. **Office**—1010 South Flower St., Los Angeles, Calif. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. (managing).

● **Colonial Mortgage Service Co. (4/12)**
Jan. 31, 1961 filed 100,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Business** —Originating and servicing mortgage loans for institutional investors. **Office** — 141 Garrett Road, Upper Darby, Pa. **Underwriters**—Drexel & Co., and Stroud & Co., both of Philadelphia, Pa. (jointly).

Commerce Oil Refining Corp.
Dec. 16, 1958 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price** — To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investment Co.
March 2, 1961 (letter of notification) 25,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For purchase of stock in a customer's showroom; payment on a note and for working capital. **Office**—1963 W. Burnside St., Portland, Ore. **Underwriter**—Shiels Securities Inc., Portland, Ore.

● **Community Research & Development, Inc. (4/10-14)**
Feb. 27, 1961 filed 620,445 shares of common stock to be offered for subscription by holders of its common stock and 6% convertible debentures due Jan. 1, 1972 on the basis of one new share for each two common shares held, and 105 shares for each $1,000 of debentures held. **Price** —To be supplied by amendment. **Business**—The development, ownership and management of income producing real estate projects. **Proceeds** — For construction. **Office**—14 West Saratoga Street, Baltimore, Md. **Underwriter**—Alex. Brown & Sons, Baltimore, Md. (managing).

● **Consolidated Activities, Inc. (4/17)**
Feb. 28, 1961 filed $1,000,000 of 6½% convertible subordinated debentures, due April 30, 1976, to be offered by the company and 50,000 shares of common stock (par 50c) to be offered by a selling stockholder. **Price**—(Debenture) 101% of the principal amount. (Stock) $3.50 per share. **Business**—The issuer is principally engaged in the construction and operation of bowling alleys. **Proceeds**—To retire a mortgage and outstanding debentures, for construction of a new bowling alley, and for general corporate purposes. **Office**—26 West Northfield Road, Livingston, N. J. **Underwriter**—G. F. Nicholls & Co., Inc., 1 Maiden Lane, New York 38, N. Y.

★ **Continental Trust Co.**
March 15, 1961 (letter of notification) 297,000 shares of preferred stock and 297,000 shares of common stock to be offered in units of one share of preferred and one share of common. **Price**—$1.01 per unit. **Proceeds**—For operating expenses. **Office** — Scottsdale Savings Building, Scottsdale, Ariz. **Underwriter**—Preferred Securities, Inc., Phoenix, Ariz.

Copter Skyways, Inc. (4/3-7)
Jan. 16, 1961 filed 15,000,000 shares of no par common stock. **Price**—3 cents per share. **Proceeds**—To acquire the equipment, real estate and other materials necessary to commence business. **Office**—Penn-Sheraton Hotel, Pittsburgh, Pa. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

Cortez Life Insurance Co.
Jan. 12, 1961 filed 500,000 shares of common stock. **Price**—$3 per share. **Business**—The company is engaged in the business of writing life insurance, annuity policies and re-insurance. **Proceeds**—For general corporate purposes. **Office**—304 Main St., Grand Junction Colo. **Underwriter**—None.

★ **Criterion Insurance Co. (5/15)**
March 27, 1961 filed 520,000 shares of common stock (par $2), to be offered for subscription by common stockholders of Government Employees Life Insurance Co., and Government Employees Corp., on the basis of one new share for each 10 shares held of record March 30, and by stockholders of Government Employees Insurance Co., on the basis of one new share for each five shares held of record March 30, with rights to expire about June 5. **Price**—$6 per share. **Business**—The company was organized on March 22, 1961 by the management of the three Government Employees Group companies and plans to engage in all kinds of fire and casualty insurance business. **Proceeds**—For general corporate purposes. **Office**—Government Employees Insurance Building, Washington, D. C. **Underwriter**—None.

Crowell-Collier Publishing Co.
March 14, 1961 filed $12,000,000 of convertible subordinated debentures due 1981, to be offered for subscription by common stockholders on the basis of $100 of debentures for each 25 common shares held. **Price**—To be supplied by amendment. **Business**—A holding company whose subsidiaries publish books and operate radio and TV stations. **Proceeds**—To repay loans. **Office**—640 Fifth Ave., New York City. **Underwriter** — Carl M. Loeb, Rhoades & Co., New York City (managing). **Offering**—Expected in late April.

● **Custom Components, Inc. (4/10-14)**
Jan. 24, 1961 filed 165,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company designs, develops and produces high quality components for microwave and electronic systems. **Proceeds** — For expansion, acquisitions and working capital. **Office**—Passaic Ave., Caldwell, N. J. **Underwriter**—Manufacturers Securities Corp., 511 Fifth Ave., New York, N. Y. (managing); Bioren & Co. and Wm. Stix Wasserman & Co., Inc., New York City, Chace, Whiteside & Winslow, Inc., and Draper, Sears & Co., Boston, Mass.

Customline Control Panels, Inc. (4/10-14)
Feb. 21, 1961 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Business**—Manufacturers of control panels for centralized control of chemical and industrial processes. **Proceeds**—For a training program for additional engineering personnel; additional capital equipment; payment of a bank loan; opening of a Los Angeles sales and engineering office; research and development and working capital. **Office**—1379 E. Linden Avenue, Linden, N. J. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

● **Daffin Corp. (4/17-21)**
March 22, 1961 filed 150,000 outstanding shares of common stock (no par), to be offered for public sale by the holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of specialized agricultural machinery. **Proceeds**—For the selling stockholders. **Office**—121 Washington Ave., South, Hopkins, Minn. **Underwriters** — Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing).

Dalto Corp.
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. **Price**—$1.25 per share. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—Sterling, Grace & Co., 50 Broad St., New York City. **Offering**—Indefinitely postponed.

● **Decitron Electronics Corp.**
March 16, 1961 filed 50,000 shares of common stock (par one cent), of which 30,000 shares are to be offered for public sale by the company and 20,000 outstanding shares by the present holders thereof. **Price** — $2 per share. **Business** — The design, manufacture and sale of electronic equipment for the U. S. Government. **Proceeds** — For research and development and for working capital. **Office**—850 Seventh Ave., New York City. **Underwriter**—M. L. Lee & Co., New York City. **Offering**—Expected in mid-to-late May.

Deere (John) Credit Co. (4/5)
March 20, 1961 filed $25,000,000 of debentures, series B, due April 15, 1981. **Price**—To be supplied by amendment. **Business** — The purchase of retail installment paper from subsidiaries of Deere & Co., a farm equipment manufacturer. **Proceeds** — For general corporate purposes. **Office**—1325 Third Avenue, Moline, Ill. **Underwriter**—Harriman Ripley & Co., Inc., New York City.

● **Dekcraft Corp. (4/11)**
Feb. 15, 1961 filed 92,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The company, formerly Supreme Ribbon Corp., manufactures, converts and packages gift wrappings. **Proceeds**—For the repayment of bank loans and for woking capital. **Office**—15 Burke Lane, Sysoset, New York. **Underwriter**—Carter, Berlind, Potoma & Weill, New York City.

Delanco Electric Machine Co., Inc.
Jan. 17, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company operates three retail stores selling sewing machines and electrical appliances. **Proceeds**—For expansion and general corporate purposes. **Office** —111 Delancey Street, New York, N. Y. **Underwriter**—Michael Pariser Corp., New York, N. Y.

Delta Design, Inc.
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price** —$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

Detroit Tractor, Ltd.
May 26, 1960 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

Dixie Natural Gas Corp. (4/24)
Dec. 5, 1960 (letter of notification) 75,000 shares of common stock (par 2 cents). **Price**—$4 per share. **Business**—Develops oil and gas leases in West Virginia. **Proceeds** — For general business purposes. **Office** — 115 Broadway, New York 6, N. Y. **Underwriter**—Vestal Securities Corp., New York City.

Dodge Wire Corp. (5/1)
Dec. 7, 1960, filed 160,000 shares of common stock. **Price** —$6 per share. **Business**—The manufacture of woven aluminum screen cloth. **Proceeds**—The repayment of indebtedness and general corporate purposes. **Office**—Industrial Blvd., Covington, Ga. **Underwriter**—Plymouth Securities Corp., New York City.

Dolomite Glass Fibres, Inc.
Dec. 27, 1960 filed 200,000 shares of 7% preferred stock (cumulative - convertible); 200,000 class A common shares (voting) and 1,000,000 common shares (non-voting). **Price**—$10 per share for the preferred and $1 per share for the class A and common shares. **Business**—The manufacture and sale of glass fibre for insulation and glass fibre threads, mats and rovings for use in the production of reinforced plastics. **Proceeds**—For working capital and the purchase of additional equipment. **Office** —1037 Jay St., Rochester, N. Y. **Underwriter**—None.

● **Duke Power Co. (4/24)**
March 14, 1961 filed 368,000 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each 30 shares held of record April 24, with rights to expire May 15. **Price**—To be supplied by amendment. **Proceeds** — To repay short-term loans. **Offices**—Charlotte 1, N. C.; Flemington, N. J., and 30 Rockefeller Plaza, New York City. **Underwriter**—None.

★ **Duplex Vending Corp.**
March 20, 1961 filed 160,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—A distributor of the coin-operated commercial washers, and dryers, heaters and other equipment produced by International Duplex Corp. **Proceeds**—For expansion and working capital. **Office**—641 Bergen St., Brooklyn, N. Y. **Underwriter**—Godfrey, Hamilton, Magnus & Co., New York City (managing). **Offering**—Expected in May.

● **Dynamic Instrument Corp. (4/6)**
Jan. 27, 1961 filed 150,000 shares of common stock (full registration). **Price**—$2 per share. **Business**—The company is engaged in the design, manufacture and sale of electro-magnetic clutches and brakes and in the machinery of precision instrument components on a sub-contract basis. **Proceeds**—To repay loans, complete and develop new products and for working capital. **Office**—59 New York Ave., Westbury, L. I., N. Y. **Underwriters** —T W. Lewis & Co., Inc., New York City.

Dynatronics, Inc. (4/3-7)
Feb. 3, 1961 filed 120,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The company is engaged in the design, manufacture and sale of electronic equipment and systems, including antenna, digital and timing systems. **Proceeds**—For repayment of bank loans, new equipment and working capital. **Address**—P. O. Box 2566, Orlando, Fla. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

Eastern Camera Exchange, Inc.
Dec. 29, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Busi-**

ness—Operating a chain of retail stores and concessions selling cameras, film and photographic supplies and equipment; also processes and prints black and white photographic film. **Proceeds**—To reduce indebtedness incurred by acquisitions, to pay notes due, and for general corporate purposes. **Office**—68 W. Columbia Street, Hempstead, N. Y. **Underwriter**—Casper Rogers & Co., Inc., New York, N. Y.

● Economy Book Co. (5/1-5)
March 15, 1961 filed 150,000 shares of common stock (par 10 cents) of which 75,000 shares are to be offered for public sale by the company and 75,000 outstanding shares, by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries are engaged principally in the binding of children's hard cover books. **Proceeds**—For new equipment, moving expenses and working capital. **Office**—511 Joyce Street, Orange, N. J. **Underwriter**—Hayden, Stone & Co., New York City (managing).

★ Educators' Development Corp.
March 15, 1961 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—630 Boyd Building, Cheyenne, Wyo. **Underwriter**—None.

Electro Consolidated Corp. (4/3-7)
Jan. 27, 1961 filed 100,000 shares of common stock, of which 50,000 are to be offered for public sale by the issuing company and 50,000 shares, being outstanding stock, by the present holders thereof. **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged in the design, manufacture, distribution and sale of fluorescent and incandescent lighting fixtures for commercial and industrial use, and the manufacture and sale of household appliances including broilers and food-slicers. **Proceeds**—For the repayment of bank loans, new equipment, and working capital. **Office** — Spruce and Water Streets, Reading, Pa. **Underwriters**—Brand, Grumet & Seigel, Inc., and Kesselman & Co., Inc., both of New York City.

Electro Industries, Inc.
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds** — To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

★ Electro-Mechanical Corp. (4/24)
March 17, 1961 (letter of notification) 54,000 shares of common stock (par one cent). **Price**—$2.30 per share. **Business**—The company designs, develops and produces electronic test equipment and systems for the communications and data processing fields. **Proceeds**—For expansion and general corporate purposes. **Office**—Town Dock Road, New Rochelle, N. Y. **Underwriter**—Manufacturers Securities Corp., 511 Fifth Avenue, New York 17, N. Y.

Electro-Nuclear Metals, Inc.
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase new equipment, rental and for administrative costs. **Office**—115 Washington Blvd., Roseville, Calif. **Underwriter**—A. J. Taranto & Co., Carmichael, Calif.

★ Electro-Nucleonics, Inc.
March 22, 1961 (letter of notification) 1,050 shares of common stock (no par). **Price**—$50 per share. **Business**—The manufacture of electro-nucleonic and gas-atomic machinery. **Proceeds**—For general corporate purposes. **Office**—368 Passaic Avenue, Caldwell, N. J. **Underwriter**—None.

● Electronic Assistance Corp. (5/8-12)
March 17, 1961 filed 110,000 shares of common stock (par 10 cents) of which 60,000 shares are to be offered for public sale by the company and 50,000 outstanding shares by the present holder thereof. **Price**—To be supplied by amendment. **Business**—The design, engineering, manufacture and sale of radar altimeters, communications devices and test equipment. **Proceeds**—For investment in a new subsidiary and for expansion of present facilities. **Office**—20 Bridge Avenue, Red Bank, N. J. **Underwriter**—Hayden, Stone & Co., New York City (managing).

★ Elgeet Optical Co., Inc.
March 28, 1961 filed 100,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—For repayment of bank loans, new machinery, research and development, with the balance for general corporate purposes. **Office**—Rochester, N. Y. **Underwriter**—Troster, Singer & Co., New York City (managing).

● Elion Instruments, Inc. (5/1)
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa.

● Emmer Glass Corp.
March 8, 1961 filed 190,000 shares of class A common stock, of which 160,000 shares are to be offered for public sale by the company and 30,000 outstanding shares by the present holder thereof. **Price**—$4 per share. **Business**—The sale of glass, metal, fiber and plastic containers; and housewares and garden accessories. **Proceeds**—For the repayment of debt and general corporate purposes. **Office**—6250 N. W. 25th Ave., Miami, Fla. **Underwriter**—Clayton Securities Corp., Boston, Mass. (managing). **Offering**—Expected sometime in May.

★ Empire Life Insurance Co. of America
March 14, 1961 (letter of notification) 30,000 shares of capital stock (no par). **Price**—$10 per share. **Proceeds**—To go to selling stockholders. **Office**—2801 W. Roosevelt Road, Little Rock, Ark. **Underwriter**—Consolidated Securities, Inc., 2801 W. Roosevelt Road, Little Rock, Ark.

Endevco Corp. (4/25)
March 1, 1961 filed 125,000 shares of no par common stock. **Price**—To be supplied by amendment. **Business**—The design, manufacture and sale of piezoelectric transducers and associated electronic equipment. **Proceeds**—For equipment and working capital. **Office**—161 East California Blvd., Pasadena, Calif. **Underwriter**—White, Weld & Co., New York City (managing).

Fabien Corp.
Feb. 27, 1961 filed 60,000 shares of outstanding common stock. **Price**—$6.75 per share. **Business**—The company, formerly Fabien Textile Printing Corp., is engaged in the printing of colored designs on various types of materials. **Proceeds** — To selling stockholders. **Office**—Lodi, N. J. **Underwriter**—Goodbody & Co., New York City (managing). **Offering**—Expected in late April.

● Faradyne Electronics Corp.
Jan. 30, 1961 filed $1,500,000 of 6% convertible subordinated debentures. **Price**—100% of principal amount. **Business**—The company is engaged in the manufacture and distribution of high reliability materials and basic electronic components, including dielectric and electrolytic capacitors and precision tungsten wire forms. **Proceeds**—For the payment of debts and for working capital. **Office**—471 Cortlandt Street, Belleville, N. J. **Underwriter**—To be named shortly.

Federal Shell Homes, Inc.
Feb. 23, 1961 filed 675,000 shares of common stock; $1,350,000 of 9% convertible subordinated debentures (par $10); and 135,000 1964 warrants to be offered for public sale in 135,000 units, each unit to consist of five common shares, one debenture and one warrant. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—225 West Carolina St., Tallahassee, Fla. **Underwriter** — Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

● Filtors, Inc.
March 16, 1961 filed 271,000 shares of common stock, of which 122,000 shares are to be offered for public sale by the company and 149,000 outstanding shares, by the present holders thereof. **Price**—$7 per share. **Business**—The design, manufacture and sale of subminiature and microminiature hermetically sealed relays. **Proceeds**—For general corporate purposes. **Office**—30 Sagamore Hill Drive, Port Washington, N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis (managing). **Offering**—Expected in early-to-mid May.

Filtra-Sonic Corp.
Feb. 27, 1961 (letter of notification) 51,250 shares of common stock (par 50 cents). **Price**—$4 per share. **Office**—120 W. Providencia, Burbank, Calif. **Underwriter**—Gregory-Massari, Inc., Beverly Hills, Calif.

First American Investment Corp.
Oct. 14, 1960 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Business**—Insurance. **Proceeds**—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. **Office**—2222 N 16th St., Phoenix, Ariz. **Underwriter**—None.

First Small Business Investment Company of Tampa, Inc.
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

Flintkote Co. (4/6)
March 9, 1961 filed $35,000,000 of sinking fund debentures, due April 1, 1981. **Price** — To be supplied by amendment. **Business**—The manufacture, mining, distribution and sale of various products for construction, industrial and consumer uses. **Proceeds**—For general corporate purposes. **Office**—30 Rockefeller Plaza, New York 20, N. Y. **Underwriter** — Lehman Brothers, New York City (managing).

● Florida Guaranty Title & Trust Co.
Nov. 29, 1960 (letter of notification) 83,125 shares of common stock (par 50 cents). **Price**—$3.60 per share. **Proceeds** — To pay a second mortgage instalment, for advertising, and for working capital. **Office**—1090 N. E. 79th St., Miami, Fla. **Underwriter**—Floyd D. Cerf Jr. Co., Inc., Chicago, Ill. **Note**—This letter was withdrawn March 13.

★ Fox Head Brewing Co.
March 16, 1961 (letter of notification) 52,806 shares of common stock (par $1.25). **Price**—At-the-market at time of sale. **Proceeds**—For redemption of preferred stock, and working capital. **Office** — 227 Maple Avenue, Waukesha, Wis. **Underwriter** — Milwaukee Co., Milwaukee, Wis.

Frontier Airlines, Inc.
March 16, 1961 filed 250,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The transportation by air of passengers, property and mail between 66 cities in 11 states. **Proceeds**—For the selling stockholders. **Office** — 5900 E. 39th Ave., Denver, Colo. **Underwriter**—To be named.

● Fulton Industries, Inc.
Feb. 21, 1961 filed 233,955 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business**—Produces textiles, automotive parts, metal castings, cotton ginning equipment and pre-engineered steel buildings. **Proceeds**—To selling stockholders. **Office**—Atlanta, Ga. **Underwriters** — Robinson-Humphrey Co., Inc., Atlanta, Ga., and Walston & Co., Inc., New York City (managing). **Offering**—Expected sometime in April.

★ Futterman Corp.
March 29, 1961 filed 1,000,000 shares of class A common stock. **Price**—To be supplied by amendment. **Business**—General real estate. **Office** — 580 Fifth Avenue, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing).

★ GPC, Inc.
March 27, 1961 filed 2,180 shares of class A common stock and $125,000 principal amount of certificates of indebtedness to be offered in 1,680 units. **Price**—For the stock: $25 per share. For the certificates: $75 per unit. **Business**—The company is now constructing a 32 lane bowling center on Route 58 in Portsmouth, Va. **Proceeds** — For construction expenses. **Office** — 316 New Kirn Building, Portsmouth, Va. **Underwriter**—None.

G-W Ameritronics, Inc.
Jan. 25, 1961 filed 80,000 shares of common stock and 160,000 warrants to purchase a like number of common shares, to be offered for public sale in units, each consisting of one share of common stock and two warrants. Each warrant will entitle the holder thereof to purchase one share of common stock at $2 per share from March to August 1961 and at $3 per share from September 1962 to February 1964. **Price** — $4 per unit. **Business** — The company (formerly Gar Wood Philadelphia Truck Equipment, Inc.), distributes, sells, services and installs Gar Wood truck bodies and equipment in Pennsylvania, Delaware, and New Jersey, under an exclusive franchise. **Proceeds** — For general corporate purposes. **Office**—Kensington and Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa.

● Gateway Sporting Goods Co.
March 20, 1961 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The retail sale of sporting goods, photographic equipment, toys, luggage and other recreational items. **Proceeds**—For expansion. **Office**—1321 Main St., Kansas City, Mo. **Underwriter**—Stern Brothers & Co., Kansas City, Mo. **Offering**—Expected in early May.

★ General American Transportation Corp.
March 20, 1961 filed 35,783 outstanding shares of common stock, to be offered for public sale by the holders thereof on the New York or Midwest Stock Exchange or otherwise. **Price**—$84 per share. **Business**—The supplying of railroad freight cars to railroads and shippers for their use. **Proceeds**—To the selling stockholders. **Office**—135 South La Salle Street, Chicago, Ill. **Underwriter**—None.

★ General Discount Corp.
March 15, 1961 (letter of notification) $250,000 of 7% subordinated debentures, Series C, due May 1, 1976, to be offered in denominations ranging from $40 to $1,000. **Price**—At par. **Proceeds**—To retire present series B debentures and for working capital. **Office**—88 Avondale Road, Avondale Estates, Ga. **Underwriter**—None.

General Economics Corp.
March 8, 1961 filed 130,000 shares of common stock. **Price**—$5 per share. **Business**—The company is active in the over-the-counter market as both broker and principal, sells mutual fund securities and life insurance, and finances the payment of life insurance premiums. **Proceeds**—For additional working capital. **Office**—130 W. 42nd St., New York City. **Underwriter**—None.

★ General Security Life Co.
March 15, 1961 (letter of notification) 2,500 shares of class A common stock (par $10, each share to be changed to $27.50). **Price**—$120 per share. **Proceeds**—For capital and surplus to be used in the conduct of a life insurance company. **Office** — 332 Fairview Avenue, North, Seattle 9, Wash. **Underwriter**—None.

● General Telephone Co. of California (4/6)
March 15, 1961 filed 500,000 shares of 5% cumulative preferred stock. **Price**—To be supplied by amendment. **Proceeds**—To increase and improve facilities and to reduce indebtedness incurred for these purposes. **Office**—2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, Mass., and Mitchum, Jones & Templeton, Los Angeles, Calif.

● Geriatric Pharmaceutical Corp.
Feb. 28, 1961 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The distribution and sale of geriatric pharmaceuticals. **Proceeds**—For general corporate purposes. **Office**—45 Commonwealth Boulevard, Bellerose, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y.

● Giannini Securities Corp.
Feb. 27, 1961 (letter of notification) 30,000 shares of common stock (par 10 cents). **Price** — $10 per share. **Business**—Research, development and manufacturing in technological fields. **Proceeds** — For general corporate purposes. **Office**—30 Broad Street, New York, N. Y. **Underwriter**—Kidder, Peabody & Co., Inc., New York, N. Y. **Offering**—Expected in early April.

★ Girard Industries Corp.
March 22, 1961 filed 100,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Business**—The manufacture, and sale of certain types of furniture to retail dealers. **Proceeds**—For a new plant, equipment and working capital. **Office**—San Juan, Puerto Rico. **Underwriter**—Edwards & Hanly, Hempstead, N. Y. (managing).

Grayco Credit Corp.
Jan. 16, 1961 (letter of notification) $150,000 of 10-year 7% sinking fund debentures and 75,000 shares of common stock (par $1) to be offered in units consisting of

Continued on page 46

Continued from page 45

50 shares of common and $100 of debentures. **Price**—$200 per unit. **Proceeds** — For working capital. **Office** — 1012 Market St., Johnson City, Tenn. **Underwriter**—Branum Investment Co., Inc., Nashville, Tenn.

Great Lakes Bowling Corp.
Feb. 24, 1961 filed $1,250,000 of 6% convertible subordinated debentures, due 1976. **Price**—$1,000 per debenture. **Business**—The operation of bowling centers with adjoining refreshment facilities in Michigan. **Proceeds**—For construction and working capital. **Office** — 6366 Woodward Ave., Detroit, Mich. **Underwriter**—None.

Great Southern Financial Corp.
March 15, 1961 filed 500,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The company plans to engage in the insurance and finance business. **Proceeds** — To organize subsidiaries. **Office**—First National Bank Bldg., Gadsden, Ala. **Underwriter**—None.

Grolier Inc. (4/20)
March 17, 1961 filed 120,000 shares of common stock (par $1), of which 60,000 shares are to be offered for public sale by the company and 60,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The publication and sale of encyclopedias, reference works, juvenile books and the retail distribution of teaching machines and related programs. **Proceeds**—For working capital. **Office**—575 Lexington Ave., New York City. **Underwriter**—Dominick & Dominick, New York City.

Guaranty National Insurance Co.
Feb. 27, 1961 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—For investment and the operation of the company. **Office**—916 Broadway, Denver, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Haloid Xerox Inc. (4/20-5/8)
March 17, 1961 filed $15,093,600 of convertible subordinated debentures, due 1981, to be offered for subscription by common stockholders on the basis of $100 of debentures for each 25 shares held of record April 20, with rights to expire May 8. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of products for xerographic and photocopy reproduction, and for photographic use. **Proceeds**—To redeem all outstanding 5¼% preferred stock, repay bank loans and for working capital. **Office**—2 Haloid St., Rochester, N. Y. **Underwriter**—First Boston Corp., New York City (managing).

★ **Harcourt Brace & World, Inc. (5/16)**
March 24, 1961 filed 101,398 outstanding shares of common stock (par $1) **Price**—To be supplied by amendment. **Business**—The publication and sale of textbooks, school materials, aptitude tests, and general books. **Proceeds**—For the selling stockholders. **Office**—750 Third Ave., New York City. **Underwriter**—White, Weld & Co., Inc., New York City (managing).

★ **Harwyn Publishing Corp.**
March 30, 1961 filed 110,000 shares of class A common stock (par 10 cents). **Price**—$3.75 per share. **Business**—Publishes books including "Every Child's Picture Encyclopedia." **Proceeds** — For expansion. **Office** — 170 Varick St., New York City. **Underwriter**—N. A. Hart & Co., Inc., Bayside, N. Y. **Offering**—Expected in late May.

Hawaiian Electric Co. Ltd. (4/12)
March 9, 1961 filed $12,000,000 of first mortgage bonds, series L, due April 1, 1991. **Proceeds**—For the repayment of a bank loan and for construction. **Office**—900 Richards St., Honolulu, Hawaii. **Underwriters** — Dillon, Read & Co., Inc., New York City and Dean Witter & Co., San Francisco.

Heath (D. C.) & Co.
March 17, 1961 filed 240,000 shares of common stock (par $5), of which 50,000 shares are to be offered for public sale by the company and 190,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The publishing of textbooks and related materials for students. **Proceeds**—For working capital. **Office**—285 Columbus Avenue, Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York City (managing). **Offering**—Expected some time in May.

● **Hickory Industries, Inc.**
March 9, 1961 (letter of notification) 25,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of barbecue machines and allied equipment. **Proceeds** — For general corporate purposes. **Office**—10-20 47th Road, Long Island City, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y. **Offering**—Expected in late April.

★ **Hillman (C. Kirk) Co., Inc.**
March 10, 1961 (letter of notification) 20,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For repayment of loans; plant improvements; working capital; miscellaneous expenses and equipment. **Office**—3201 First Avenue S., Seattle 4, Wash. **Underwriter**—None.

● **Holloway Outdoor Advertising, Inc.**
Feb. 20, 1961 (letter of notification) 90,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—To acquire assets of Crown Outdoor Advertising. **Office** — 9171 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Pacific Coast Securities Co., San Francisco, Calif. **Note** — This company was formerly Sunset Outdoor Advertising, Inc.

● **Honey Dew Food Stores, Inc. (4/10-14)**
Jan. 27, 1961 (letter of notification) 145,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Business**—The company operates a chain of 10 supermarkets. **Proceeds**—For general corporate purposes. **Office** — 811 Grange Road, Teaneck, N. J. **Underwriter** — To be named shortly.

Howard Johnson Co.
March 13, 1961 filed 660,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries operate and supply a large restaurant chain. **Proceeds**—For the selling stockholders. **Office**—89 Beale St., Wollaston, Mass. **Underwriters**—Blyth & Co., Inc., New York City and F. S. Moseley & Co., Boston, Mass. **Offering**—Expected in late April.

● **Hurletron, Inc. (4/24-28)**
March 15, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Manufactures timing devices, and web control systems for printers. **Proceeds**—For the repayment of debt and for working capital. **Office**—135 So. La Salle St., Chicago, Ill. **Underwriter**—F. S. Moseley & Co., Boston, Mass.

Hydroswift Corp.
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

I C Inc.
June 29, 1960 filed 600,000 shares of com. stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Building, Denver, Colo. **Underwriters**—Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

● **Income Planning Corp. (4/10-14)**
Dec. 29, 1960 (letter of notification) 5,000 shares of cumulative preferred stock (no par) and 10,000 shares of class A common stock (par 10 cents) to be offered in units consisting of one share of preferred and two shares of common. **Price** — $40 per unit. **Proceeds**—To open a new branch office, development of business and for working capital. **Office**—3300 W. Hamilton Boulevard, Allentown, Pa. **Underwriter**—Espy & Wanderer, Inc., Teaneck, N. J.

● **Independent Telephone Corp. (4/17-21)**
March 8, 1961 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—A holding company with 11 subsidiaries in New York, Michigan, New Jersey and West Virginia. **Proceeds**—To repay bank loans, for advances to subsidiaries and for general corporate purposes. **Office**—25 South St., Dryden, N. Y. **Underwriter** — Burnham & Co., New York City (managing).

Industrial Control Products, Inc.
March 10, 1961 filed 165,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The engineering, designing and precision machining of electronic components. **Proceeds** — For research and development, inventory, equipment, start-up costs of semi-conductor production, and for working capital. **Office**—78 Clinton Rd., Caldwell Township, N. J. **Underwriter** — Edward Hindley & Co., New York City. **Offering**—Expected in late April to early May.

Industrial Instrument Corp.
Feb. 27, 1961 filed 60,000 shares of 6% second series cumulative convertible preferred stock (par $10) to be offered for subscription by the holders of its outstanding common and first series preferred stock on the basis of one new share of preferred for each eight shares of common and one new share for each share of preferred held. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of instruments used to measure and control the flow, level, pressure and temperature of liquids and gases. **Proceeds**—To repay loans, buy new equipment and for working capital. **Office**—8400 Research Road, Austin, Texas. **Underwriter**—None.

● **Inter-Mountain Telephone Co. (3/31)**
Feb. 23, 1961 filed 465,000 shares of common stock to be offered for subscription by stockholders on the basis of one new share for each three shares held of record March 17 with rights to expire on April 17. **Price**—$10 per share. **Proceeds**—For the repayment of loans. **Office**—Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta, Ga. and New York City (managing).

International Life Insurance Co. of Buffalo
Feb. 21, 1961 filed 350,000 shares of capital stock. **Price**—$5 per share. **Business**—The company was organized under New York law in March 1960 and is licensed to conduct an insurance business in that state, but has not commenced operations as of the filing date. **Proceeds**—For the general conduct of business and the setting up of reserves against policies as written. **Office**—310 Delaware Ave., Buffalo, N. Y. **Underwriter**—None.

International Mosaic Corp.
Sept. 30, 1960 (letter of notification) 99,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

International Photocopy Corp.
Feb. 28, 1961 (letter of notification) 100,000 shares of common stock. **Price** — $3 per share. **Business** — Manufacturer and distributor of office photocopying equipment, chemicals and paper. **Proceeds**—For expansion and working capital. **Office** — 564 W. Randolph St., Chicago, Ill. **Underwriter** — J. J. Krieger & Co., New York City.

International Safflower Corp.
Aug. 3, 1960 filed 60,000 shares of class A common stock (par $2). **Price**—$5 per share. **Proceeds**—To retire outstanding loans, buy seed, buy or lease land, building, and machinery, and for working capital. **Office**—350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

Interstate Power Co. (5/18-6/2)
March 16, 1961 filed 223,833 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each 16 shares held of record May 18, with rights to expire June 2. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction. **Offices**—1000 Main Street, Dubuque, Iowa, and 111 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co. **Bids**—To be received on May 18 at 11 a.m. (EST).

Interstate Power Co. (5/18)
March 16, 1961 filed $9,000,000 of first mortgage bonds, due 1991. **Proceeds**—To repay bank loans and for construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Salomon Bros. & Hutzler. **Bids**—To be received on May 18 up to 11 a.m. (EST) at the office of The Chase Manhattan Bank, One Chase Plaza, New York 5, N. Y., 23rd floor. **Information Meeting**—Scheduled for May 8, at 3 p.m. (EST) at the office of The Chase Manhattan Bank, 28th floor.

Invesco Collateral Corp.
March 6, 1961 filed $900,000 of 6% registered subordinated debentures to be offered in three series of $300,000 each, due June 30, 1965, 1966 and 1967, respectively. **Price**—$4,315; $4,190 and $4,079 per $5,000 of debentures. **Business**—The company, a wholly-owned subsidiary of Investors Funding Corp. of New York was organized under New York law in June, 1960, to purchase, invest in and sell real estate mortgages. **Proceeds**—For investment. **Office**—511 Fifth Avenue, New York City. **Underwriter**—None.

★ **Iowa-Illinois Gas & Electric Co. (4/25)**
March 24, 1961 filed $15,000,000 of first mortgage bonds, due 1991. **Proceeds**—To repay bank loans and for construction. **Office** — 206 E. 2nd Street, Davenport, Iowa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; First Boston Corp.; Glore, Forgan & Co., and Lehman Brothers (jointly); White, Weld & Co. and Blyth & Co., Inc. (jointly). **Bids**—To be received on April 25.

Irvington Steel & Iron Works (4/10-14)
Feb. 13, 1961 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Business** — Fabricators of structural steel. **Proceeds** — For general corporate purposes. **Office** — Somerset Street, New Brunswick, N. J. **Underwriter**—L. L. Fane & Co., Inc., Plainfield, N. J.

★ **"Isras" Israel-Rassco Investment Co. Ltd.**
March 27, 1961 filed 30,000 shares of ordinary stock. **Price**—$62 per share. The company may, but is not obligated to, accept payment in State of Israel bonds. **Proceeds**—For the construction of hotels, office buildings, housing projects and the like. **Office**—Tel Aviv, Israel. **Underwriter**—None.

Jefferson Counsel Corp.
March 13, 1961 filed 30,000 shares of class B common stock (non-voting). **Price**—$10 per share. **Business**—The company was organized under Delaware law in January 1961 to sponsor the organization of the Jefferson Growth Fund, Inc., a new open-end diversified investment company of the management type. **Proceeds**—For organizational and operating expenses. **Office**—52 Wall St., New York City. **Underwriter**—None.

● **Jet-Aero Corp. (4/3)**
Feb. 10, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase new machinery and equipment, increase inventory, research and development and working capital. **Office**—950 S. E. 8th St., Hialeah, Fla. **Underwriter**—Netherlands Securities Co., Inc., New York, N. Y.

● **Jodmar Industries, Inc. (4/24-28)**
Feb. 24, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Design, lay-out, installation and maintenance of industrial heating and air-conditioning systems. **Proceeds**—For the purchase of inventory for current business; purchase of machinery, equipment and inventory for proposed manufacturing business; sales promotion and reserves. **Office**—8801-11 Farragut Road, Brooklyn 36, N. Y. **Underwriter**—Fontana Securities, Inc., 82 Beaver Street, New York, N. Y.

Jungle Juice Corp.
Oct. 28, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For working capital and expansion. **Address**—Seattle, Wash. **Underwriters**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, N. Y.

★ **Kawecki Chemical Co.**
March 23, 1961 filed $3,500,000 of 4⅞% convertible subordinated debentures, due 1976, and 17,282 shares of common stock (par 25 cents), issuable upon the exercise of warrants. The debentures are to be offered for subscription by stockholders on the basis of $100 principal amount of debentures for each 15 shares held. **Price**—At par. **Business**—The research and pilot plant produc-

tion of rare metals. **Proceeds**—To repay debt and for working capital. **Office**—Boyertown, Pa. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York City (managing). **Offering**—Expected sometime in May.

★ King Kullen Grocery Co., Inc. (5/9)
March 28, 1961 filed 180,000 shares of class A stock, of which 50,000 shares are to be offered for public sale by the company and 130,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The operation of a chain of self-service food stores in the Long Island, N. Y., area. **Proceeds**—For the construction and equipping of a new warehouse and office. **Office** — 178-02 Liberty Ave., Jamaica, N. Y. **Underwriters**—Hemphill, Noyes & Co., New York City and Eastabrook & Co., Boston, Mass. (managing).

• Kings Electronics Co., Inc. (4/10-17)
Jan. 27, 1961 filed 295,187 shares of common stock, of which 250,000 are to be offered for public sale by the company and 45,187 shares, being outstanding stock, by the present holders thereof. **Price**—$4 per share for the new stock. The outstanding shares will be offered at the prevailing market price on the over-the-counter market or on any securities exchange upon which they may be listed at any time after 60 days from the date of the company's offering. **Business**—The company is engaged principally in the design, development and manufacture of radio frequency connectors. **Proceeds**—For expansion, the repayment of loans and for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriter**—Ross, Lyon & Co., Inc., New York City (managing).

Knapp & Tubbs, Inc.
Feb. 13, 1961 filed 150,000 outstanding shares of common stock. **Price**—$4 per share. **Business**—The selling at wholesale of home furniture, interior decorative furnishings and are objects. **Proceeds**—To the selling shareholders. **Office**—Merchandise Mart, Chicago, Ill. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla. (managing).

Knickerbocker Biologicals, Inc.
Dec. 23, 1960, filed 100,000 outstanding shares of class A stock. **Price**—$6 per share. **Business**—The manufacture, packaging and distribution of a line of diagnostic serums and cells used for the purpose of blood grouping and testing. The company also operates blood donor centers in New York and Philadelphia. **Proceeds**—For the selling stockholders. **Office**—300 West 43rd Street, New York City. **Underwriter**—None.

Kreisler (Charles), Inc. (4/17)
Feb. 27, 1961 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Business**—Sale and rental of automobiles. **Proceeds**—Acquisition of cars for rental purposes; acquisition of additional salesroom; advertising and sales promotion and for working capital. **Office**—241 Park Avenue, New York, N. Y. **Underwriter**—Albion Securities Co., Inc., New York, N. Y.

LP Gas Savings Stamp Co., Inc.
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

Landmark Corp.
Jan. 27, 1961 filed 30,000 shares of $5 par common stock. **Price**—$10 per share. **Proceeds**—For construction, cost of land, office equipment, and working capital. **Office**—212 W. Jefferson St., Fort Wayne, Ind. **Underwriter**—First Security Corp., Fort Wayne, Ind.

"Lapidoth" Israel Oil Prospectors Corp. Ltd.
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

Leeds Homes, Inc.
March 9, 1961 filed $1,000,000 of 6% subordinated sinking fund debentures, due 1976 and 300,000 shares of common stock to be offered for public sale in units consisting of $10 principal amount of debentures and three common shares. **Price**—To be supplied by amendment. **Business**—Company, formerly Aluminum Siding & Supply Corp., is a holding company whose subsidiaries are engaged in the sale, construction and financing of shell homes. **Proceeds**—For construction, working capital, and investment in mortgages on shell homes. **Office**—2501 Ailor Ave., Knoxville, Tenn. **Underwriter**—J. C. Bradford & Co., Nashville.

Le-Wood Homes, Inc.
Jan. 19, 1961 (letter of notification) 100,000 shares of common stock (par 50 cents) and $100,000 of 9% convertible debentures due March 1, 1971 to be offered in units of 100 shares of common stock and 1-$100 of debentures. **Price**—Of stock, $2 per share; of debentures, $300 per unit. **Proceeds**—For working capital. **Office**—7001 W. Broad St., Richmond, Va. **Underwriter**—Bellamah, Neuhauser & Barrett, Washington, D. C.

Lockwood Grader Corp.
Feb. 2, 1961 filed $500,000 of 6% sinking fund debentures, series A (with warrants for the purchase of 15,000 shares of class A common stock), and 30,000 shares of class A common stock. **Price**—To be filed by amendment. **Business**—The manufacture and sale of field agricultural machinery and grading, sorting and handling machinery, primarily for use in the potato industry. **Proceeds**—For working capital. **Office**—Gering, Nebr. **Underwriter**—First Trust Co. of Lincoln, Neb.

Mack Trucks, Inc. (4/18)
March 17, 1961 filed $20,000,000 of subordinated debentures, due 1981 with attached warrants to buy common stock. **Price**—To be filed by amendment. **Business**—The manufacture of heavy duty trucks. **Proceeds**—To refund $13,198,000 of outstanding 5¼% subordinated debentures, due 1968; for the repayment of bank loans; for construction of a new plant at Hagerstown, Md.; and for working capital. **Offices**—350 Fifth Ave., New York City and 1000 South Second St., Plainview, N. J. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

★ Madison Gas & Electric Co. (4/26)
March 23, 1961 filed $7,000,000 of first mortgage bonds, due April 1, 1991. **Proceeds**—For repayment of bank loans and for construction. **Office** — 100 No. Fairchild Street, Madison 1, Wis. **Underwriters** — To be determined by competitive biding: Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co. and Harriman Ripley & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on April 26 at 11 a.m. (EST).

• Majestic Specialties, Inc. (4/10-14)
March 7, 1961 filed 140,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The firm is chiefly engaged in making and selling ladies' sportswear coordinates. **Office** — 340 Claremont Ave., Jersey City, N. J. **Underwriter**—Hayden, Stone & Co., New York City (managing).

• Mansfield Industries Inc. (4/6)
Jan. 31, 1961 filed 150,000 shares of common stock of which 50,000 shares will be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The manufacture of motion picture projectors and related equipment. **Proceeds** — For general corporate purposes, including working capital. **Office**—1227 West Loyola Ave., Chicago, Ill. **Underwriter**—McDonnell & Co., Inc., New York City (managing).

Marcon Electronics Corp. (4/3-7)
Feb. 27, 1961 (letter of notification) 30,000 shares of common stock (par $1). **Price** — $10 per share. **Business** — Manufacture of electrical and electronic equipment. **Proceeds**—For purchase of equipment and tooling, research and development and working capital. **Office**—199 Devon Terrace, Kearny, N. J. **Underwriter**—Meade & Co., New York, N. Y.

• Marine Capital Corp. (4/4)
Feb. 16, 1961 filed 667,000 shares of common stock. **Price**—$15 per share. **Business**—The company is a closed-end, non-diversified management investment company organized under the Small Business Investment Act of 1958, and a wholly-owned subsidiary of Marine Corp., a bank holding company. **Proceeds**—For investment. **Office**—622 North Water St., Milwaukee, Wis. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

Marine & Electronics Manufacturing Inc.
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

Marine Structures Corp.
Feb. 1, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—Grant, Fontaine & Co., Oakland, Calif.

Matthews Corp.
Feb. 28, 1961 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To retire bank loans; purchase new equipment and for working caiptal. **Office**—12923 Cerise Street, Hawthorne, Calif. **Underwriters**—Holton, Henderson & Co., Los Angeles, Calif., and Sellgren, Miller & Co., San Francisco, Calif.

Max Factor & Co. (4/11)
March 6, 1961 filed 400,000 shares of class A stock, of which 200,000 are to be offered for public sale by the company and 200,000 shares, being outstanding stock, by the present holders thereof. **Price**—To be related to the current market price of the stock on the American Stock Exchange immediately prior to the offering. **Business**—The development, manufacture and sale of a general line of cosmetics. **Proceeds**—For construction, expansion, additional plant equipment and for working capital. **Office**—1655 North McCadden Place, Hollywood, Calif. **Underwriter**—Blyth & Co., Inc., New York City.

Mead Corp. (4/18)
March 8, 1961 filed $25,000,000 of debentures, due April 15, 1986. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of paper and paperboard products. **Proceeds**—To retire short-term loans and for capital improvements. **Office**—118 West First St., Dayton, O. **Underwriters**—Drexel & Co., Philadelphia and Harriman Ripley & Co., New York City.

Mercury Electronics Corp.
Dec. 30, 1960 (letter of notification) 100,000 shares of common stock (par five cents). **Price** — $3 per share. **Business**—Manufacturers of testing equipment. **Proceeds**—For general corporate purposes. **Address**—Mineola, L. I., N. Y. **Underwriter**—S. Schramm & Co. Inc., New York City. **Offering**—Imminent.

• Mesabi Iron Co. (4/3)
Jan. 10, 1961 filed 119,322 shares of capital stock, to be offered for subscription by the company's stockholders of record on or about April 3 on the basis of one new share for each ten shares then held, with rights to expire about three weeks after the offering date. **Price**—Tentatively set at $60 per share. **Proceeds**—To establish a reserve for 1960 tax payments. **Office**—452 Fifth Ave., New York City. **Underwriter**—None.

Metropolitan Securities, Inc.
Nov. 17, 1960 (letter of notification) 100,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds** — For working capital. **Office** — 919-18th St., N. W., Washington, D. C. **Underwriter** — Metropolitan Brokers, Inc., Washington, D. C.

★ Miami Industries, Inc.
March 24, 1961 filed 175,000 outstanding shares of class A common stock (par $1), to be offered for public sale by the holders thereof. **Price**—$9.50 per share. **Business**—The production and sale of electric resistance welded steel tubing. **Proceeds** — For the selling stockholders. **Office** — Springcreek Township, Miami County, Ohio. **Underwriter**—H. Hentz & Co., New York City (managing). **Offering**—Expected in late May.

Microtron Industries, Inc.
March 1, 1961 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For purchase of equipment; inventory of parts; working capital; and research and development. **Office** — 120 S. Fairfax, Denver, Colo. **Underwriter**—Amos C. Sudler & Co., Denver, Colo.

★ Microwave Associates, Inc.
March 27, 1961 filed 240,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be related to the current market price of the stock on the American Stock Exchange at the time of the offering. **Business**—The design and production of specialized components used in microwave radio energy. **Proceeds** — For the selling stockholders. **Office** — South Street, Burlington, Mass. **Underwriters**—Lehman Brothers; Kuhn, Loeb & Co., Inc., and Clark, Dodge & Co., Inc., all of New York City. **Offering**—Expected in early May.

Midwestern Acceptance Corp.
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds** — To start its lending activities. **Address** — P. O. Box 886, Rapid City, S. D. **Underwriter**—None.

Milliken (D. B.) Co.
March 15, 1961 filed $240,000 of 6% subordinated sinking fund debentures, due 1971, with stock purchase warrants attached, together with 75,000 shares of capital stock. **Prices**—The debentures will be sold at par, with a 7½% underwriter's commission; the stock will be sold at $3 per share. **Proceeds**—For debt reduction and working capital. **Office**—131 North Fifth Ave., Arcadia, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

★ Minco Industries, Inc.
March 16, 1961 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For mining equipment and supplies; a crushing plant and equipment and working capital. **Address**—P. O. Box 3, Carlsbad, N. Mex. **Underwriter**—None.

• Minneapolis-Honeywell Regulator Co. (4/18)
March 17, 1961 filed $25,000,000 sinking fund debentures, due 1986, and 250,000 shares of convertible preference stock (par $100). **Price**—To be supplied by amendment. **Business**—Manufactures heating controls, automatic control systems, electronic data processing systems and a line of military products. **Proceeds** — For additional working capital. **Office**—2747 Fourth Ave., South, Minneapolis, Minn. **Underwriter** — Eastman Dillon, Union Securities & Co., New York City (managing).

Mobile Credit Corp.
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

• Mohawk Insurance Co. (4/17-21)
Aug. 8, 1960, filed 75,000 shares of class A common stock. **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

Mortgage Guaranty Insurance Co.
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State. **Offering**—Expected in May.

Morton Foods, Inc.
Feb. 17, 1961 filed 190,000 shares of common stock, of

Continued on page 48

Continued from page 47

which 178,000 are to be offered for public sale by the company and 12,000 shares, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The company manufactures, processes, packages and sells many food items such as potato chips, salad dressing, pickels, honey, tea and spices. **Proceeds** — To build and equip two additional manufacturing plants and warehouses. **Office** — 6333 Denton Dr., Dallas, Tex. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas, Tex. (managing).

★ Motorola, Inc. (4/25)
March 27, 1961 filed $30,000,000 of debentures, due 1986. **Price**—To be supplied by amendment. **Business**—The development, manufacture and sale of electronic products. **Proceeds**—For the repayment of debt and advances to Motorola Finance Corp., a wholly-owned subsidiary. **Office**—9401 W. Grand Ave., Franklin Park, Ill. **Underwriters**—Halsey, Stuart & Co., Inc. and Goldman, Sachs & Co., New York City (managing).

● Municipal Investment Trust Fund, Series A (4/4-6)
Sept. 1, 1960 filed $20,000,000 of interest in the Fund to be offered in 20,000 units. **Business**—The Fund will purchase tax-exempt securities of states, municipalities, counties and territories of the United States. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York City. **Note**—This statement was effective on Feb. 14.

National Airlines, Inc.
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing). **Offering**—Indefinite.

● National Bagasse Products Corp.
March 14, 1961 filed 16,200 units, each unit consisting of $100 of 15-year 7% subordinated debentures, 30 shares of class A common and 10 warrants (to buy a like number of class A shares). **Price** — $163.85 per unit. **Business** — Manufactures composition board, hard board and insulating board from bagasse, a waste product of sugar refining. **Proceeds** — To build a new plant at Vacherie, La. **Office**—321 Gravier St., New Orleans, La. **Underwriters**—S. D. Fuller & Co., New York City, and Howard, Weil, Labouisse, Fredrichs & Co., New Orleans (managing). **Offering**—Expected in late May.

● National Food Marketers, Inc. (4/3-7)
Jan. 27, 1961 filed 100,000 shares of common stock. **Price** $4 per share. **Business**—The company is engaged in the processing and packaging of quick-frozen, prepared seafood meat and poultry for use by restaurants and institutions and frozen ready-to-heat meals for distribution through vending machines. **Proceeds** — To repay loans; purchase additional machinery; establish a food laboratory, and for advertising, promotion, and working capital. **Office**—Blue Anchor, N. J. **Underwriter**—Robert Edelstein Co., Inc., New York City.

★ National Fuel Gas Co. (4/24)
March 22, 1961, filed $27,000,000 of sinking fund debentures, due May 1, 1986. **Proceeds**—To refund $15,000,000 of 5½% debentures due 1982 and for other corporate purposes. **Office**—30 Rockefeller Plaza, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co., and Stone & Webster Securities Corp. (jointly). **Bids**—To be received April 24 at 11:30 a.m. (EST) in Room 2033, 2 Rector Street, New York City. **Information Meeting**—Scheduled for April 21, at 11 a.m. (EST) in Room 240, 2 Rector Street, New York City.

★ National Scientific Corp.
March 24, 1961 filed 1,500,000 shares of common stock. **Price**—$1.15 per share. **Business**—The company is licensed under the Small Business Investment Act of 1958 and is registered with the SEC as a non-diversified, closed-end, management investment company, which will invest in the fields of electronics, physics and chemistry. **Proceeds**—For investment and operating expenses. **Office** — First National Bank Building, Minneapolis, Minn. **Underwriter**—Bratter & Co., Inc., Minneapolis, Minn.

● Nedick's Stores, Inc.
Feb. 21, 1961 filed 185,000 shares of common stock (par 20 cents), of which 60,000 shares are to be offered for the account of the company and 125,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For expansion and working capital. **Office**—513 West 166th St., New York, N. Y. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing). **Offering**—Expected in late April.

● New England Telephone & Telegraph Co. (4/11)
March 22, 1961 filed $45,000,000 of 38-year debentures. **Proceeds**—To redeem on or about May 12, outstanding 5¾% debentures due Sept. 1, 1994 in the same amount. **Office**—185 Franklin St., Boston 7, Mass. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Morgan Stanley & Co. **Bids**—To be received in room 2315, 195 Broadway, New York City, on April 11 before 11 a.m.

★ New York State Electric & Gas Corp. (5/16)
March 24, 1961 filed $25,000,000 of first mortgage bonds due 1991. **Proceeds**—To repay bank loans and for construction. **Office**—108 East Green Street, Ithaca, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; Harriman Ripley & Co.; First Boston Corp., and Glore, Forgan & Co. (jointly). **Bids**—To be received on May 16 at 11 a.m. (EST).

● Northern Instrument Corp. (4/12)
March 10, 1961 (letter of notification) 75,000 shares of common stock (par one cent). **Price**—$4 per share. **Business**—Manufacturers of electronic devices. **Proceeds**—For general corporate purposes. **Office**—3 Carll Ave., S., Babylon, N. Y. **Underwriter**—I. R. E. Investors Corp., Levittown, N. Y.

Ohio-Franklin Fund, Inc. (4/17)
Feb. 3, 1961 filed 2,000,000 shares of common stock to be offered to investors through a tax-free exchange of shares for securities of a selected list of companies. **Exchange Price**—Net asset value (expected to be $10 per share). **Business**—A new fund which provides a medium through which holders of blocks of securities may obtain diversification and continuous professional investment management without incurring Federal capital gains tax liability upon the exchange. **Proceeds**—For investment. **Office**—51 North High St., Columbus, O. **Distributor**—The Ohio Co., Columbus, O.

Orange & Rockland Utilities, Inc. (4/20)
March 14, 1961 filed $12,000,000 of first mortgage bonds, series G, due April 15, 1991. **Proceeds**—For redemption of $6,442,000 of first mortgage bonds, series B, due May 1, 1961; for repayment of bank loans and for construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriters**—To be determined by competitive bidding. Previous bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co., Glore, Forgan & Co. (jointly); First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on April 20. **Information Meeting**—Scheduled for 11 a.m. (EST) April 13 at Bankers Trust Co., 16 Wall St., New York City.

Packard Instrument Co., Inc. (4/3-7)
Feb. 13, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The firm is engaged in the development, manufacture and sale of scientific instruments. **Proceeds**—For general corporate purposes, including research and debt reduction. **Office**—Lyons, Ill. **Underwriter** — A. G. Becker & Co. Inc., Chicago, Ill. (managing).

Palm Developers Limited
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). Price — $3 per share. Business — The company intends to deal in land in the Bahamas. Proceeds—To buy land, and for related corporate purposes. Office—6 Terrace, Centreville, Nassau, Bahamas. Underwriter—David Barnes & Co., Inc., New York City.

● Panacolor, Inc.
Feb. 24, 1961 filed 200,000 shares of common stock (par 20 cents). **Price**—$4 per share. **Business**—The company plans to engage in the business of developing and printing color film primarily for the motion picture and television industries. **Proceeds**—For the construction of two machines to print color film by the Panacolor Process; for sales promotion, market development and officers' salaries; for mortgage and interest payments; and for working capital. **Office**—6660 Santa Monica Blvd., Hollywood, Calif. **Underwriter** — Federman, Stonehill & Co., New York City (managing). **Offering**—Expected in late April.

Panoil Co.
Feb. 23, 1961 filed 3,000,000 shares of capital stock to be offered for subscription by stockholders in units (each unit consisting of four shares) on the basis of one unit for each share of capital stock held. **Price**—To be supplied by amendment. **Business**—The company, formerly Pan American Land & Oil Royalty Co., was organized in 1956 to acquire petroleum concessions in Cuba. It obtained stock in certain Cuban royalty and concession holding companies, which stock is now considered without value. At present the company has petroleum concession rights in Colombia, Turkey and Trinidad. **Proceeds**—To repay debts and for working capital. **Office**—1130 Republic National Bank Bldg., Dallas, Tex. **Underwriter**—None.

Pantex Manufacturing Corp.
Dec. 27, 1960 filed 513,299 shares of capital stock, of which 307,222 shares are to be offered for the account of the issuing company and 206,077 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The stock being offered for the company is a rights offering; one new share will be offered for each three capital shares held. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of 200,000 shares of Tel-A-Sign, Inc. for $450,000, said shares to be distributed as a dividend to shareholders, with the balance for general corporate purposes, including working capital. **Office**—Central Falls, R. I. **Underwriter**—None.

★ Paxton (Frank) Lumber Co.
March 28, 1961 filed 83,389 outstanding shares of class A common (par $2.50) to be offered for public sale by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The operation of a chain of lumber yards in the middle west. **Proceeds**—For the selling stockholders. **Office**—Kansas City, Mo. **Underwriter**—Stern Brothers & Co., Kansas City (managing).

Pecos Land & Development Co., Inc.
Jan. 31, 1961 filed 4,000,000 shares of common stock, of which 500,000 are to be offered for public sale by officers of the company at $1 per share; 1,897,661 shares are to be exchanged for various assets and businesses, and may be offered for sale by the holders; and 914,574 shares may be issued by the company from time to time in the acquisition of additional properties. **Business**—The acquiring, holding, developing and selling of land, and oil and gas and mining properties, all located principally in the Southwestern and Rocky Mountain regions of the United States. **Proceeds** — For general corporate purposes. **Office**—207 Shelby St., Santa Fe, New Mexico. **Underwriter**—None.

★ Pennsylvania Electric Co. (5/17)
March 28, 1961 filed $10,000,000 of first mortgage bonds, due 1991. **Office**—222 Levergood Street, Johnstown, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and Harriman Ripley & Co. (jointly); First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co.; Kuhn, Loeb & Co. **Bids**—To be received on the 37th Floor of 80 Pine Street, New York City on May 17 at 11 a.m. (EST).

★ Pennsylvania Electric Co. (6/5)
March 28, 1961 filed $12,000,000 of debentures, due 1986. **Office**—222 Levergood Street, Johnstown, Pa. **Underwriters**—To be determined by competitive bidding. The company has never before issued debentures. However, the following underwriters bid on the last issue of bonds: Blyth & Co., Inc., and Harriman Ripley & Co. (jointly); First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; Kuhn Loeb & Co. **Bids**—To be received at 80 Pine Street, 37th floor, on June 5 at noon (EST).

Personal Property Leasing Co. (4/3-7)
Jan. 24, 1961 filed 150,000 shares of capital stock. **Price**—$6.50 per share. **Business**—The company is engaged in the business of leasing a variety of equipment and machinery to industrial and commercial firms to meet their specific requirements. **Proceeds** — For additional working capital. **Office** — 6381 Hollywood Blvd., Los Angeles, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis (managing).

Peterson Building Corp.
Feb. 24, 1961 filed $630,000 of 5½% leasehold mortgage sinking fund bonds to be offered for public sale in denominations of $1,000 and $500. **Business**—The company is constructing a building on leased premises in the business district of Lincoln, Neb., which will provide street level space for retail tenants and a six-level, self-parking garage. **Proceeds**—For construction. **Office**—National Bank of Commerce Bldg., Lincoln, Neb. **Underwriters**—Ellis, Holyoke & Co., and Commerce Investment Co., both of Lincoln, Neb.

Pharmaceutical Vending Corp.
Feb. 17, 1961 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and equipment, plant facilities, inventory and working capital. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

Philadelphia Aquarium, Inc.
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. Price—$150 per unit. Business—Operation of an aquarium in or about Philadelphia. Proceeds—To acquire ground and to construct an aquarium building or buildings. Office—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. Underwriter—Stroud & Co., Inc., Philadelphia, Pa.

Photronics Corp. (6/15)
Feb. 24, 1961 filed 150,000 shares of common stock (par 10 cents), to be offered for subscription by stockholders on the basis of three new shares for each four shares held. **Price**—To be supplied by amendment. **Business**—The design, development and manufacture of optical and electro-optical systems and components used in aerial reconnaissance, photo-interpretation, photo-grammetry and optical scanning devices. **Proceeds** — For working capital, research and development, and new equipment. **Office**—134-08 36th Road, Flushing, N. Y. **Underwriter**—L. D. Sherman & Co., New York City.

Physio-Chem Corp. (4/3)
Feb. 15, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—Manufacturers of educational and scientific equipment for boys and girls. **Proceeds**—For general corporate purposes. **Office**—511 Homestead Avenue, Mount Vernon, N. Y. **Underwriter**—Fontana Securities Inc., New York, N. Y. **Note**—This company was formerly called Home Lab Supply, Inc.

Popell (L. F.) Co.
Nov. 18, 1960 filed 99,996 shares of common stock to be offered for subscription by common stockholders at the rate of one share for each three shares of common stock held. Price—To be supplied by amendment. Business—Distribution, sale and installation of building, insulating and acoustical products. Proceeds—For plant construction; expansion of its distribuiton of Perma-Glaze and working capital. Office—2501 Northwest 75th Street, Miami, Fla. Underwriter—To be supplied by amendment.

★ Potter Instrument Co., Inc.
March 24, 1961 filed 210,000 shares of common stock, of which 190,000 shares are to be offered for public sale by the company and 20,000 outstanding shares by the present holder thereof. **Price**—$10 per share. **Business**—The manufacture and sale of electronic data processing equipment. **Proceeds**—For the repayment of loans and to finance accounts receivable and inventories. **Office**—Plainview, L. I., N. Y. **Underwriter**—Bear Stearns & Co., New York City (managing). **Offering**—Expected in early May.

● Presidential Realty Corp. (4/4)
Jan. 30, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company was organized under Delaware law in January, 1961, to acquire the outstanding stock of the Shapiro Co., which is engaged in the development of real estate projects of various types. **Proceeds**—For construction; acquisition of properties; development of projects; and reduction of bank debt. **Office**—180 South Broadway, White Plains, N. Y. **Underwriter**—Burnham & Co., New York City (managing).

Presto Dyechem Co., Inc.
Feb. 27, 1961 (letter of notification) 110,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—Producers of dye markers and shark repellants. **Proceeds**—For general corporate purposes. **Office** 45 John Street, Yonkers, N. Y. **Underwriter**—Frank Karasik & Co., Inc., New York, N. Y.

★ Products Research Co.
March 27, 1961 filed 283,200 shares of common stock (par $2), of which 120,000 shares are to be offered for public sale by the company and 163,200 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The development, manufacture and sale of synthetic rubber caulking compounds, protective coatings, encapsulation materials and glass skylights. **Proceeds**—For the selling stockholders. **Office**—2919 Empire Ave., Burbank, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif. (managing).

● Progress Webster Electronics Corp. (4/10-17)
Jan. 13, 1961 filed 150,000 shares of common stock. **Price**—$4.50 per share. **Business**—The company and its subsidiaries are engaged in the business of manufacturing, distributing and developing electronic equipment and components and related products for residential, commercial and military use. **Proceeds**—For working capital. **Office**—10th Street, and Morton Avenue, Chester, Pa. **Underwriter**—Marron, Sloss & Co., Inc., New York City (managing).

● Publishers Company, Inc. (4/17-21)
Jan. 27, 1961 filed 220,000 shares of common stock. **Price**—$10 per share. **Business**—The company and its subsidiaries are engaged in the business of selling and financing books sales. **Proceeds**—To acquire the assets of Books, Inc., 1140 Broadway, New York City; to invest in a new District of Columbia company, Books, Inc.; to invest additional funds in a subsidiary; to finance installment sales contracts receivable and for working capital. **Office**—1116 18th St., N. W., Washington, D. C. **Underwriters**—Amos Treat & Co., Inc., New York City and Roth & Co., Inc., Philadelphia, Pa. (managing).

Puerto Rican Airlines, Inc.
Feb. 6, 1961 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds** — For accounts payable, to purchase equipment and for general corporate purposes. **Office**—c/o F. J. Perez-Almiroty, 1764 Ponce de Leon Ave., San Juan, Puerto Rico. **Underwriter**—Investment Securities Co. of Maryland, Inc., Baltimore, Md.

Ram Electronics, Inc.
Dec. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of electronic and replacement parts for television receivers and other electrical circuits. **Proceeds**—For general corporate purposes. **Office**—600 Industrial Ave., Paramus, N. J. **Underwriter**—To be named. **Offering**—Early April.

Recreation Enterprises, Inc.
March 16, 1961 filed 110,000 units of common stock and warrants, each unit to consist of one share of class A common and two common stock purchase warrants for the purchase of class A common (one exercisable at $5.50 per share for 18 months and the other at $6 per share within 36 months). **Price**—$5 per unit. **Business**—The company plans to operate a chain of bowling alleys in the midwestern states, initially in Missouri and Kansas. **Proceeds**—For the building of bowling centers. **Office**—6000 Independence Ave., Kansas City, Mo. **Underwriter**—I. M. Simon & Co., St. Louis, Mo.

Red Star Yeast & Products Co.
March 16, 1961 filed $1,000,000 of convertible subordinated debentures, due 1976. **Price** — To be supplied by amendment. **Business**—The production of yeast and yeast products for the pharmaceutical, food, and animal feed industries. **Proceeds** — For diversification and possible acquisitions. **Office**—221 East Buffalo St., Milwaukee, Wis. **Underwriter**—Loewi & Co., Inc., Milwaukee.

Rego Insulated Wire Corp. (4/4)
Jan. 30, 1961 filed 200,000 shares of common stock, of which 180,000 shares are to be offered for public sale by the company and 20,000, being outstanding stock, by the present holders thereof. **Price** — $4.50 per share. **Business**—The company is engaged in the manufacture of insulated wire and cable, garden hose and garden supply items, television antennas, plastic toys and doll bodies; and has recently commenced the production of thermoplastic compounds for use in its own manufacturing operations, as well as for resale to other manufacturers. **Proceeds**—For the repayment of loans and for working capital. **Office**—830 Monroe Street, Hoboken, N. J. **Underwriter** — Russell & Saxe, Inc., New York City, (managing).

● Resitron Laboratories, Ltd. (4/3-7)
Feb. 16, 1961 (letter of notification) 200,000 shares of common stock. **Price** — $1 per share. **Business** — The manufacture of closed circuit television tubes, circuit breakers and relays for high powered communications systems. **Proceeds**—To repay bank loans, purchase new equipment and for working capital. **Office** — 2908 Nebraska Avenue, Santa Monica, Calif. **Underwriter**—D. E. Liederman & Co., Inc., 50 Broad St., New York City.

● Roblin-Seaway Industries, Inc. (4/10-14)
Dec. 29, 1960 filed 80,000 shares of class A stock. **Price**—$6 per share. **Business**—Organized under New York law in December 1960, the company will be consolidated with, and carry on the business of Roblin, Inc., which buys and sells scrap steel and other ferrous and nonferrous metals and Seaway Steel Corp., which operates a rolling mill producing bars, rods and other shapes of steel and nickel. The company will also have interests ranging from 50% to 76% in a demolition contractor, a lessor of demolition equipment, a stevedoring business, a metals broker and a manufacturer of rolled nickel anodes and other rolled nickel products. **Proceeds**—For general corporate purposes. **Office**—1437 Bailey Ave., Buffalo, N. Y. **Underwriter** — Brand, Grumet & Seigel, Inc., New York City (managing).

● Rochester Telephone Corp.
Feb. 21, 1961 filed 273,437 shares of common stock (par $10) being offered to holders of the outstanding common of record March 24 on the basis of one new share for each five shares then held. Rights expire April 10. **Price**—$24.25 per share. **Business**—The company is an independent telephone company serving without competition the city of Rochester and the adjacent areas. **Proceeds**—To be applied to the repayment of the company's 1960-1 borrowings from banks of about $6,000,000 for construction purposes. **Office**—Rochester, N. Y. **Underwriter**—First Boston Corp., New York City (managing).

● Rocket Jet Engineering Corp. (5/29-6/2)
March 20, 1961 filed 110,000 outstanding shares of common stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The design, development and manufacture of escape and survival equipment used in military aircraft. **Proceeds**—For the selling stockholders. **Office**—1426 South Flower Street, Glendale, Calif. **Underwriters**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif., and Maltz, Greenwald & Co., New York City. The latter firm will handle the books in the East.

Rocket Research Corp.
Jan. 19, 1961 filed 300,000 shares of common stock. **Price**—$2.25 per share. **Business**—The company is engaged in research on new high energy propellant systems, the development of a miniature rocket for application to satellite and space vehicles and in the preparation of proposals which have been submitted to certain governmental agencies. **Proceeds**—For general corporate purposes. **Office**—233 Holden Street, Seattle, Wash. **Underwriter**—Craig-Hallum, Kinnard, Inc., Minneapolis, Minn.

● Ruth Outdoor Advertising Co., Inc.
March 10, 1961 (letter of notification) 80,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Business**—Outdoor advertising. **Proceeds**—For general corporate purposes. **Address** — R. D. No. 2, Albany, N. Y. **Underwriter**—Lewis & Stoehr, New York, N. Y. **Offering**—Expected in late April.

San Diego Chargers, Inc.
Feb. 28, 1961 (letter of notification) 100,000 shares of capital stock (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—2223 El Cajon Boulevard, San Diego 4, Calif. **Underwriter** — Norman C. Roberts Co., San Diego, Calif.

★ Scot Lad Foods, Inc.
March 28, 1961 filed 250,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The net proceeds, estimated at $2,185,000, will be applied to outstanding indebtedness, with the balance to be added to working capital. **Office**—Chicago, Ill. **Underwriter** — Hayden, Stone & Co., New York City (managing).

Seacrest Industries Corp. (5/1)
Feb. 24, 1961 (letter of notification) 40,000 shares of common stock (par one cent). **Price**—$7.50 per share. **Business**—The sale of home-freezers and refrigerator-freezer combinations, home delivery of food plans, and manufacture and sale of swimming pools. **Proceeds**—For the purchase of Westchester Foods, Inc. stock; current liabilities: building improvements; advertising, promotion and expansion and for general corporate purposes. **Office**—354 Franklin Avenue, Franklin Square, Long Island, N. Y. **Underwriters**—A. J. Gabriel Co., Inc., New York, N. Y. and Williamson Securities Corp., 92 Liberty Street, New York 6, N. Y.

★ Sealectro Corp.
March 24, 1961 filed 231,600 shares of common stock (par 25 cents) of which 100,000 shares are to be offered for public sale by the company and 131,600 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The production of electronic components and sub-assemblies for use in electronic and electrical equipment, aircraft, missile, communications and data-processing industries. **Proceeds**—For the repayment of loans; new equipment; expansion, and working capital. **Office**—139 Hoyt Street, Mamaroneck, N. Y. **Underwriter**—Bache & Co., New York City (managing). **Offering**—Expected in early May.

● Season-All Industries, Inc. (5/1)
March 8, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Manufactures and distributes aluminum doors, windows, awnings and siding. **Proceeds**—To purchase new equipment, retire bank indebtedness and add to working capital. **Office**—Indiana, Pa. **Underwriter**—Moore, Leonard & Lynch, Pittsburgh, Pa.

Securities Credit Corp.
Jan. 27, 1961 filed $3,000,000 of 6% series A subordinated debentures. **Price**—100% of principal amount. **Business**—The company and its subsidiaries are engaged in the retail financing of new and used automobiles, mobile homes, appliances, furniture and farm equipment for purchasers, and the wholesale financing of dealers' inventories of such automobiles and direct lending to consumers, and the writing of automobile, credit life, and other types of insurance. **Proceeds**—For working capital. **Office**—1100 Bannock St., Denver, Colo. **Underwriter**—None.

Security Acceptance Corp.
March 7, 1961 filed 100,000 shares of class A common stock and $400,000 of 7½% 10-year debenture bonds, to be offered in units consisting of $100 of debentures and 25 shares of stock. **Price**—$200 per unit. **Business**—The purchase of conditional sales contracts on home appliances. **Proceeds** — For working capital and expansion. **Office**—724 9th St., N. W., Washington, D. C. **Underwriter**—None.

Selas Corp. of America (4/12)
Feb. 28, 1961 filed 170,000 shares of common stock, of which 20,000 will be offered publicly for the account of the company and 150,000, being outstanding stock, by the holders thereof. **Price**—To be filed by amendment. **Business**—The engineering, manufacture and sale of industrial gas heat processing and fluid processing equipment. **Proceeds**—The company will use the proceeds from its share of the offering for working capital. **Office**—Dresher, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Selmer (H. & A.), Inc.
March 16, 1961 filed 40,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Business**—The importation, manufacture and distribution of wind band instruments and accessories. **Proceeds**—For working capital and expansion. **Office**—1119 North Main St., Elkhart, Ind. **Underwriter**—Clark, Dodge & Co., New York City (managing). **Offering**—Expected in late April to early May.

Shepherd Electronic Industries, Inc.
Jan. 18, 1961 (letter of notification) 78,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—9821 Foster Avenue, Brooklyn, N. Y. **Underwriter** — D. Klapper Associates, Inc., New York, N. Y. **Offering**—Imminent.

● Shinn Industries Inc. (4/3)
Nov. 29, 1960 filed 150,000 shares of common stock. **Price**—$6 per share. **Business**—The manufacture, assembly and sale of aircraft and missile components and the construction of industrial and research facilities. **Proceeds**—To repay a bank loan, for expansion and inventory, and for working capital. **Office**—Wilmington, Del. **Underwriter**—Myron A. Lomasney & Co., New York City.

Sigma Instruments, Inc. (5/1-5)
Feb. 27, 1961 filed 200,000 shares of common stock (par $1), of which 78,540 are to be offered for public sale by the company and 121,460 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company, formerly The Fisher-Pierce Co., is engaged in the development, manufacture and sale of sensitive electromagnetic relays, photoelectronic street lighting controls and other electronic control devices. **Proceeds**—To repay bank loans and for working capital. **Office** — 170 Pearl St., South, Braintree, Mass. **Underwriter**—W. C. Langley & Co., New York City (managing).

★ Silver Pacific Co.
March 15, 1961 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For development of property; repayment of loans and real estate investments. **Office**—1325 Sunset Highway, Issaquah, Wash. **Underwriter** — Rowley Agency, Inc., Issaquah, Wash.

Southern California Edison Co. (4/4)
March 1, 1961 filed $30,000,000 of first and refunding mortgage bonds, series N, due 1986. **Proceeds**—To retire short-term debt and for construction. **Office**—601 West Fifth St., Los Angeles 53, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Dean Witter & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—To be received at the company's Los Angeles office on April 4, 1961 at 8:30 a.m. (PST).

Southern States Investment & Mortgage Corp.
Feb. 8, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For advances to subsidiaries and working capital. **Office**—424 Mark Bldg., Atlanta, Ga. **Underwriter**—First Fidelity Securities Corp., Atlanta, Ga.

★ Southland Life Insurance Co.
March 28, 1961 filed 80,000 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To purchase the 55% of the outstanding common stock of Carolina Life Insurance Co. not heretofore owned by the issuer. **Office**—Dallas, Texas. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. (managing).

Southwestern Oil Producers, Inc.
March 23, 1960 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter**—Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

★ Spartans Industries, Inc. (5/1)
March 23, 1961 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The manufacture of apparel for men, women and children, and the operation of self-service discount department stores. **Proceeds**—For the repayment of loans and for expansion. **Office**—One W. 34th St., New York 1, N. Y. **Underwriters**—Shearson, Hammill & Co., New York City and J. C. Bradford & Co., Nashville, Tenn.

Spiegel, Inc. (4/13)
March 15, 1961 filed $40,000,000 of debentures, due 1983. **Price**—To be supplied by amendment. **Business** — The

Continued on page 50

Continued from page 49

issuer is engaged in the sale of merchandise by mail, principally on a monthly payment basis. **Proceeds**—For general funds to finance increasing accounts receivable. **Office**—1061 W. 35th St., Chicago 9, Ill. **Underwriter**—Wertheim & Co., New York City (managing).

★ Stabro Laboratories Inc.
March 15, 1961 (letter of notification) 10,000 shares of non-assessable capital stock (par $2). **Price**—$3.25 per share. **Proceeds**—For expansion and operating expenses. **Office**—23 Kensington Avenue, Salt Lake City, Utah. **Underwriter**—None.

Standard-American Leasing Corp.
Feb. 14, 1961 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—2855 Highland Drive, Salt Lake City, Utah. **Underwriter** — E. H. Coltharp & Co., Salt Lake City, Utah.

★ Standard Security Life Insurance Co. of N. Y.
March 27, 1961 filed 162,000 shares of common stock to be offered for subscription by holders of common and class A stock on the basis of two new shares for each five shares held. **Price** — To be supplied by amendment. **Business**—The writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—111 Fifth Avenue, New York City. **Underwriter**—None.

Stephen Realty Investment Corp.
Jan. 16, 1961 filed 1,400,000 shares of beneficial interest, of which 1,000,000 shares will be publicly offered and 400,000 shares are to be exchanged for real estate ventures. **Price**—$5 per share. **Office** — 1930 Sherman St., Denver, Colo. **Underwriter** — Stephen Securities Corp., 710 American National Bank Bldg., Denver, Colo.

★ Stone Mountain Scenic Railroad, Inc.
March 20, 1961 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For purchase of land and materials, right of way preparation, and working capital. **Office** — 710 Peachtree Street, N. E., Atlanta 8, Ga. **Underwriter**—First Fidelity Securities Corp., Atlanta, Ga.

Stratton Corp. (5/1)
March 3, 1961 filed $650,000 of 5% convertible subordinated debentures, due Dec. 1, 1981. **Price**—At 100% of principal amount. **Business**—The development and operation of a winter and summer recreational resort on Stratton Mountain in southern Vermont. **Proceeds**—For construction. **Office**—South Londonderry, Vt. **Underwriter**—Cooley & Co., Hartford, Conn.

● Straus-Duparquet Inc.
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriters**—John R. Boland & Co., New York City and Paul C. Kimball & Co. (Chicago). **Offering**—Expected sometime in April.

★ Sunset Outdoor Advertising, Inc.
See Holloway Outdoor Advertising, Inc., above.

● Talley Industries, Inc. (4/10-17)
March 15, 1961 filed $1,500,000 of convertible subordinated debentures, due May 1, 1976. **Price**—To be supplied by amendment. **Business** — A holding company whose subsidiaries produce ballistic devices, solid propellants, electronic test systems and microwave components. **Office**—4551 E. McKellips Rd., Mesa, Ariz. **Underwriters**—Adams & Peck and McDonnell & Co., Inc., both of New York City.

"Taro-Vit" Chemical Industries Ltd.
Nov. 25, 1960 filed 2,500,000 ordinary shares. **Price**—$0.60 a share payable in cash or State of Israel Bonds. **Business** — The company produces, in Israel, a poultry food supplement, and pharmaceutical and chemical products. **Proceeds** — $750,000 for expansion; $170,000 for equipment and working capital; and $130,000 for repayment of a loan. **Office** — P. O. Box 4859, Haifa, Israel. **Underwriter**—None.

● Tassette, Inc. (4/17-21)
Feb. 15, 1961 filed 200,000 shares of class A stock. **Price**—To be supplied by amendment. **Business**—The company was organized under Delaware law in 1959 to finance the exploitation and sale of "Tassette," a patented feminine hygiene aid. **Proceeds**—For advertising and promotion, market development, medical research and administrative expenses. **Office**—170 Atlantic St., Stamford, Conn. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

Tax-Exempt Public Bond Trust Fund
Jan. 16, 1961 filed $5,000,000 of interests (5,000 units). **Price**—To be computed on the basis of the trustees evaluation of the underlying public bonds, plus a stated percentage (to be supplied by amendment) and dividing the sum thereof by 5,000. **Business** — The trust was formed by John Nuveen & Co., Chicago, Ill., to invest in tax-exempt obligations of states, counties, municipalities and territories of the United States. **Sponsor** — John Nuveen & Co., 135 South La Salle Street, Chicago, Ill.

Tax-Exempt Public Bond Trust Fund, Series 2
Feb. 23, 1961 filed $10,000,000 (10,000 units) ownership certificates. **Price**—To be filed by amendment. **Business**—The fund will invest in interest bearing obligations of states, counties, municipalities and territories of the U. S., and political subdivisions thereof which are believed to be exempted from Federal income taxes. **Proceeds** — For investment. **Office** — 135 South La Salle Street, Chicago, Ill. **Sponsor**—John Nuveen & Co., Chicago, Ill.

Tele-Film Electronics Engineering Corp.
March 10, 1961 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For repayment of loans; product development; expansion; and working capital. **Office**—818-17th St., Suite 610, Denver 2, Colo. **Underwriter**—Amos C. Sudler & Co., Denver, Colo.

Tele-Graphic Electronics Corp.
Dec. 16, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Patent holding, development, and manufacture of its patentable products in the fields of air conditioning, air pollution control, electronics and plastics. **Proceeds**—For general corporate purposes. **Office**—514 Hempstead Ave., West Hempstead, N. Y. **Underwriter** — Lee Hollingsworth, 514 Hempstead Ave., West Hempstead, N. Y.

● Telephone Employees Insurance Co.
March 22, 1961 filed 43,117 shares of capital stock to be offered for subscription by stockholders on the basis of two new shares for each three shares held. **Price**—$27.50 per share. **Business**—The company writes automobile casualty insurance, principally to employees of telephone companies who are considered preferred risks. **Office**—Pedwood and Light Sts., Baltimore, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Tennessee Gas Transmission Co. (4/5)
March 8, 1961 filed 200,000 shares of cumulative prefered stock (par $100). **Price** — To be supplied by amendment. **Business**—The operation of a pipe line system for the transmission of natural gas. **Proceeds**—To retire short-term notes. **Office**—Tennessee Bldg., Houston 1, Tex. **Underwriters**—Stone & Webster Securities Corp., and White, Weld & Co., New York City.

Terry Industries, Inc.
Feb. 28, 1961 filed 1,728,337 shares of common stock of which 557,333 shares are to be offered for the account of the issuing company and 1,171,004 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—For the company's shares, to be related to A.S.E. prices at time of the offering. For the stockholders' shares, the price will be supplied by amendment. **Business** — The company, formerly Sentry Corp., is primarily a general contractor for heavy construction projects. **Proceeds**—The proceeds of the first 12,000 shares will go to Netherlands Trading Co. The balance of the proceeds will be used to pay past due legal and accounting bills, to reduce current indebtedness, and for working capital. **Office**—11-11 34th Ave., Long Island City, L. I., N. Y. **Underwriter** — (For the company's shares only) Greenfield & Co., Inc., New York City.

Terryphone Corp.
Feb. 24, 1961 filed 200,000 shares of common stock (par 5 cents), of which 80,000 are to be offered for public sale by the company and 120,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company manufactures, leases, sells and services a line of internal communications systems for use in business and industry. **Proceeds**—For working capital and expansion. **Office**—4409 Carlisle Pike, Camp Hill, Pa. **Underwriters**—Stroud & Co., Philadelphia, Pa., and Warren W. York & Co., Allentown, Pa. (managing). **Offering**—Expected in late April.

● Thrift Courts of America, Inc.
Feb. 28, 1961 filed $800,000 of 10-year 8% convertible subordinated debentures, 100,000 shares of common stock and 50,000 warrants to purchase a like number of common shares, to be offered in units of $400 of debentures, 50 common shares, and 25 warrants. **Price** — $800 per unit. **Business** — The manufacture and sale of mobile homes, and the pre-construction of motel units. **Proceeds**—To repay bank loans, provide funds for the issuer's subsidiary, and add to working capital. **Office** — 1630 West Bristol St., Elkhart, Ind. **Underwriter** — Myron A. Lomasney & Co., New York City (managing). **Offering**—Expected in late April.

Time Finance Corp.
Dec. 30, 1960 registered $1,000,000 of 6% convertible subordinated debentures due Jan. 1, 1976 and 150,000 underlying common shares. **Price**—At 100% of principal amount. The debentures will be convertible at prices ranging from $7.50 per share in January 1961 to $15 per share in January 1970. **Proceeds**—$96,560 to increase volume of accounts receivable financing; $24,145 to increase volume of direct industrial loans and dealer contracts; $24,145 to increase volume of small loans; and $700,000 for the reduction of notes payable. **Office**—Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

● Toledo Plaza Investment Trust
Dec. 8, 1960, filed 209 Beneficial Trust Certificates in The Toledo Plaza Investment Trust. **Price**—$2,500 each. **Business** — The company will purchase an apartment project of not less than 242 units on 10 acre site in Prince Georges County, Md. **Proceeds**—To purchase the above-mentioned apartment project. **Office**—2215 Washington Ave., Silver Spring, Md. **Underwriter**—Hodgdon & Co., Inc., Washington, D. C. **Offering**—Postponed.

● Totts Pharmacal Corp.
Feb. 1, 1961 filed 125,000 shares of common stock. **Price**—$4 per share. **Business** — The company was organized under Delaware law in September 1960 to acquire the business and properties of Lucente Enterprises, Inc., which manufactures and distributes a dentifrice under the name of "Orbit Dental Cream" in a novel plastic container with primary appeal to the children's market. **Proceeds**—For new equipment, the repayment of loans and working capital. **Office** — 3757 Mahoning Avenue, Youngstown, O. **Underwriter** — International Services Corp., 7 Church St., Paterson, N. J. **Note**—This statement was withdrawn March 23.

● Transcontinental Gas Pipe Line Corp. (4/20)
March 13, 1961 filed $35,000,000 of first mortgage pipe line bonds, due 1981. **Price**—To be supplied by amendment. **Proceeds**—For the repayment of debt and for construction. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., both of New York City.

★ Transcontinental Investment Co.
March 15, 1961 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For advances to subsidiaries. **Office**—278 S. Main Street, Salt Lake City, Utah. **Underwriter**—Continental Securities Corp., 627 Continental Bank Building, Salt Lake City, Utah.

● Tronomatic Corp. (4/17-21)
Feb. 27, 1961 (letter of notification) 65,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of various types of machines. **Proceeds** — For general corporate purposes. **Office** — 25 Bruckner Boulevard, Bronx, N. Y. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

United International Fund Ltd. (4/12)
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co., and Francis I. du Pont & Co., all of New York City (managing).

United States Freight Co. (4/24)
March 15, 1961 filed $15,393,900 of convertible subordinated debentures, due April 1, 1981 to be offered for subscription by holders of its outstanding capital stock on the basis of $100 principal amount of debentures for each seven shares held. **Price**—To be supplied by amendment. **Business**—Furnishes freight transportation services. **Proceeds** — For new equipment, expansion and working capital. **Office**—711 Third Ave., New York City. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc. (managing).

● U. S. Mfg. & Galvanizing Corp. (4/17-21)
Jan. 3, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To reduce current liabilities, sales promotion, purchase inventory, and for working capital. **Office**—5165 E. 11th Avenue, Hialeah, Fla. **Underwriter**—Armstrong Corp., 15 William St., New York, N. Y.

★ United States Steel Corp. (4/19)
March 28, 1961 filed $300,000,000 of sinking fund debentures, due 1986. **Proceeds**—For working capital and construction. **Offices**—71 Broadway, New York City, 51 Newark St., Hoboken, N. J., and 525 William Penn Place, Pittsburgh 30, Pa. **Underwriter**—Morgan Stanley & Co., New York City (managing).

Universal Container Corp.
Feb. 28, 1961 filed $1,000,000 of convertible subordinated debentures, due 1971. **Price** — To be supplied by amendment. **Business** — Converting and reconditioning wooden barrels and steel drums. **Proceeds** — To retire bank indebtedness, with the balance for working capital and general corporate purposes. **Office**—8318 Grade Land, Louisville, Ky. **Underwriter**—Michael G. Kletz & Co., New York City (managing).

Universal Manufacturing Co.
Feb. 23, 1961 (letter of notification) 135,000 shares of common stock (par 10 cents) of which 35,000 shares are to be offered for the account of the company and 100,000 outstanding shares, stock, by the selling stockholders. **Price** — $2 per share. **Proceeds** — For working capital. **Office**—516 W. 4th Street, Winona, Minn. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

Vagabond Motor Hotels, Inc.
Feb. 14, 1961 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To construct additional motor hotels, and for working capital. **Office**—3555 Fifth Avenue, Suite B, San Diego, Calif. **Underwriter**—Norman C. Roberts Co., San Diego, Calif.

Vector Engineering, Inc.
March 3, 1961 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Business** — Provides engineering and design services. **Proceeds** — For general corporate purposes. **Office** — 155 Washington Street, Newark, N. J. **Underwriter**—Omega Securities Corp., New York, N. Y. **Offering**—Expected in May.

Victoreen Instrument Co.
March 16, 1961 filed 350,000 shares of common stock (par $1). **Price**—To be related to the current market price of outstanding shares at the time of offering. **Business**—The development and manufacture of various electronic and nuclear instruments and devices. **Proceeds** — For new equipment, inventories, modernization of existing properties and expansion. **Office**—5806 Hough Avenue, Cleveland, Ohio. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing). **Offering** — Expected in early May.

● Visual Dynamics Corp.
Jan. 12, 1961 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—$3 per share. **Business**—Manufacturers of an audio-visual device for educational and entertainment purposes. **Proceeds**—For general corporate purposes. **Office**—42 S. 15th Street, Suite 204, Philadelphia, Pa. **Underwriter**—Best & Garey Co., Inc., 2520 L St., N. W., Washington, D. C.

Vitamix Pharmaceutical, Inc.
March 3, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The issuer compounds, makes, packages and sells ethical and proprietary drugs and vitamins throughout the country. **Proceeds**—For working capital. **Office**—50 51 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Bache & Co., New York City (managing). **Offering** — Expected in mid-to-late April.

★ Waddell Dynamics, Inc.
March 16, 1961 (letter of notification) 28,800 shares of common stock to be offered for subscription by stockholders for 21 days. **Price**—At par ($10 per share). **Proceeds**—For tooling, material, parts, and working capital. **Office**—4364 Twain Avenue, San Diego, Calif. **Underwriter**—None.

★ Waldorf Auto Leasing, Inc.
March 23, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The rental of automobiles. **Proceeds**—For purchase of automobiles, advertising and sales promotion, and working capital. **Office**—1712 E. 9th Street, Brooklyn 23, N. Y. **Underwriters**—Martinelli & Co., Inc.; First Atlantic Securities Co. and V. K. Osborne & Sons, Inc., all of New York City. **Offering**—Expected in late April or early May.

★ Warner Brothers Co.
March 29, 1961 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of women's foundation garments, men's and women's shirts, sleepwear and paperboard packaging. **Proceeds**—To repay loans incurred for recent acquisitions. **Office**—325 Lafayette St., Bridgeport, Conn. **Underwriter**—Lehman Brothers, New York City (managing).

★ Wayne-George Corp. (5/15-19)
March 22, 1961 filed 80,000 shares of common stock (no par), of which 60,000 shares are to be offered for public sale by the company and 20,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The design, development and manufacture of digital transducers. **Proceeds**—For repayment of debt, new equipment, research and development, and working capital. **Office**—588 Commonwealth Ave., Boston, Mass. **Underwriter**—Hayden, Stone & Co., New York City.

Webster Publishing Co., Inc.
March 13, 1961 filed 131,960 shares of common stock, of which 80,000 shares are to be offered for public sale by the company and 51,960 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—Publishes textbooks for elementary and high school students. **Proceeds** — To develop program materials designed for use in teaching machines and in other formats, and for working capital. **Office**—1154 Reco Ave., St. Louis, Mo. **Underwriter**—Newhard, Cook & Co., St. Louis (managing).

Welch Scientific Co.
March 20, 1961 filed 545,000 shares of common stock (par $1), of which 176,000 are to be offered for public sale by the company and 369,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of scientific instruments, laboratory apparatus and supplies. **Proceeds** — For working capital. **Office** — 1515 North Sedgwick Street, Chicago, Ill. **Underwriter**—Hornblower & Weeks, New York City (managing). **Offering**—Expected in mid-May.

Western Factors, Inc.
June 29, 1960 filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

● Western Growth Corp.
March 17, 1961 filed 202,107 shares of class A common stock (par 10 cents), of which 150,000 shares are to be offered for public sale by the company in units of 10 shares each; and 52,107 outstanding shares by selling stockholders after trading commences. **Price**—For the company's stock: $100 per unit. For the selling stockholder: At-the-Market. **Business**—The development of property in California for single-family homes, the investment in notes or contracts secured by single-family homes, and other phases of the real estate business. **Proceeds**—For ordinary expenses, repayment of loans and working capital. **Office**—636 North La Brea Ave., Los Angeles, Calif. **Underwriter**—Reese, Scheftel & Co., Inc., New York City. **Offering**—Expected in late May.

Western Reserve Life Assurance Co. of Ohio
March 1, 1961 filed 120,000 shares of common stock to be offered for subscription by stockholders on the basis of three new shares for each five shares held. Stockholders are to vote at the annual meeting in April on increasing the authorized stock to provide for the offering. **Business**—The company issues and sells life insurance policies in the State of Ohio. **Proceeds**—For expansion. **Office**—1 Union Commerce Annex, Cleveland 14, Ohio. **Underwriters** — McDonald & Co. and Ball, Burge & Kraus, Cleveland.

● White Shield Corp. (4/10)
Feb. 23, 1961 filed 50,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Business**—The sale of health and beauty aids, vitamins and drug sundries to retail stores and wholesale jobbers. **Proceeds**—For working capital. **Office** — 317 East 34th St., New York City. **Underwriter**—Adams & Peck, New York City.

Willer Color Television System, Inc.
Jan. 29, 1961 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City. **Offering**—Indefinite.

★ Williamhouse, Inc.
March 27, 1961 filed 106,000 shares of common stock. **Price** — $6 per share. **Business** — The manufacture and sale of paper products including envelopes, announcements and advertising materials. **Proceeds**—To repay debt and for working capital. **Office**—185 Kent Avenue, Brooklyn, N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla.

Winston-Muss Corp. (4/3-7)
Jan. 30, 1961 filed $9,000,000 of convertible subordinated debentures due 1981 and 400,000 shares of common stock to be offered for public sale in units consisting of $22.50 principal amount of debentures and one share of common stock. **Price**—To be supplied by amendment. **Business**—The company was organized under Delaware law in January 1961 to engage in the conception, planning and execution of large scale property development and construction projects throughout the U. S. **Proceeds**—For the acquisition and development of real estate properties. **Office**—22 West 48th St., New York City. **Underwriter**—Lee Higginson Corp., New York City (managing).

Winter Park Telephone Co.
Feb. 13, 1961 filed 33,638 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each three shares held, with the unsubscribed stock to be publicly offered by the company. **Price** — To be supplied by amendment. **Proceeds** — For plant and equipment, with the balance for general corporate purposes. **Office** — 132 East New England Ave., Winter Park, Fla. **Underwriter**—None.

● Wolf Corp. (4/17-21)
Feb. 15, 1961 filed 30,000 shares of class A stock. **Price**—$10 per share. **Business**—The company was organized under Delaware law in January 1961 and proposes to engage in the construction, investment and operation of real estate properties. **Proceeds**—For investment and working capital. **Office** — 10 East 40th St., New York City. **Underwriter**—None.

Wonderbowl, Inc.
Feb. 6, 1961 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—To discharge a contract payable, accounts payable, and notes payable and the balance for working capital. **Office**—7805 Sunset Blvd., Los Angeles, Calif. **Underwriter**—Standard Securities Corp., Los Angeles, Calif.

Prospective Offerings

A. T. U. Productions, Inc.
March 15, 1961, it was reported that this company plans a "Reg. A" filing covering 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To finance production of TV films. **Office** — 130 W. 57th Street, New York City. **Underwriter**—Marshall Co., 40 Exchange Place, New York City. **Registration**—Expected in May.

Alamo Gas Supply Co.
Jan. 24, 1961 it was reported that this company is negotiating for the sale of about $18,000,000 to $20,000,000 of bonds. **Proceeds**—For expansion of facilities. **Office**—San Antonio, Tex. **Underwriters** — White, Weld & Co., New York City and Underwood, Neuhaus & Co., Inc., Houston, Tex.

Alberta Gas Trunk Line Co., Ltd.
Sept. 1, 1960 A. G. Bailey, President, announced that new financing of approximately $65,000,000 mostly in the form of first mortgage bonds, is expected early in 1961. **Office**—502-2nd St., S. W., Calgary, Alberta, Canada.

American Fidelity Building & Loan Assn. (4/3)
March 8, 1961 it was reported that this company plans to offer publicly 100,000 shares of class A common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To increase funds available for financing new home construction and improvement of existing properties. **Office**—36 E. Lanvale St., Baltimore 2, Md. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Note**—This offering will not be registered with the SEC pursuant to an exemption granted under the Securities and Exchange Act of 1933.

American Playlands Corp.
Dec. 21, 1960 it was reported that this company plans to refile a registration statement covering 300,000 shares of common stock. This will be a full filing. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**— M. W. Janis & Co., Inc., New York City.

American Telephone & Telegraph Co. (6/6)
March 15, 1961, the company announced plans to issue $250,000,000 of debenture bonds. **Proceeds**—For refunding a like amount of 5⅜% debentures due Nov. 1, 1986, on or about July 10. **Office**—195 Broadway, New York 7, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co.; First Boston Corp. **Bids**—To be received at the office of the company on June 6.

Appalachian Power Co.
Feb. 1, 1961 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $35,000,000 to $40,000,000 of bonds late in 1961 or early in 1962. **Office**—2 Broadway, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly).

Approved Finance Inc.
Nov. 11, 1960 it was reported by Paul O. Sebastian, Vice-President-Treasurer, that the company is considering a rights offering to stockholders of additional common stock via a Regulation "A" filing, possibly to occur in mid-1961. **Office**—39 E. Chestnut St., Columbus, Ohio **Underwriter**—Vercoe & Co., Columbus, Ohio.

Arizona Public Service Co.
Feb. 8, 1961 it was reported that this company plans to issue about $38,000,000 of bonds in May and some preferred or common stocks in the fourth quarter. The company expects to spend about $320,000,000 on construction in the period 1961 to 1965 of which some $250,000,000 will come from outside sources. **Office**—501 South Third Ave., Phoenix, Ariz. **Underwriters**—To be determined. The last sale of bonds was made privately on March 26, 1959 through Blyth & Co., Inc., and The First Boston Corp. The last sale of preferred stock on June 18, 1958 and the last sale of common (to stockholders on May 24, 1959) was also handled by Blyth & Co. and The First Boston Corp.

Arkansas Power & Light Co. (5/15)
March 16, 1961 it was announced that this subsidiary of Middle South Utilities plans the issuance of approximately $12,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—To be received **May 15** at 11:30 a.m. (EST).

Baltimore Gas & Electric Co.
Feb. 21, 1961, F. E. Rugemer, Treasurer, stated that the company is considering the issuance of $15,000,000 to $20,000,000 of non-convertible debentures or preferred stock in the second quarter of 1961 and about $20,000,000 of bonds in late 1961 or early 1962. **Office**—Lexington and Liberty Streets, Baltimore 3, Md. **Underwriters** — (Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly). The last sale of debentures was made to stockholders on May 8, 1959 through subscription rights and was underwritten by First Boston Corp., and associates. The last sale of preferred stock on Aug. 13, 1940 was handled by White, Weld & Co., and associates.

★ Bar Chris Construction Corp.
March 28, 1961, it was reported that this company plans to file a registration statement shortly covering $3,500,000 of convertible debentures. **Business** — The design, construction and equipping of bowling alleys. **Proceeds**—For construction, new equipment and general corporate purposes. **Office**—35 Union Square West, New York City. **Underwriter**—Drexel & Co., Philadelphia and New York City (managing).

Bell Telephone Co. of Pennsylvania (5/2)
Feb. 23, 1961 it was reported that this subsidiary of American Telephone & Telegraph Co., plans to sell $50,000,000 of debentures. **Proceeds**—To refund $30,000,000 of 5⅜% debentures due 1994 on or about June 2, and for construction. **Office**—1835 Arch St., Philadelphia 3, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co., and Eastman Dillon, Union Securities & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on or about May 2, 1961.

Brooklyn Union Gas Co. (6/8)
March 3, 1961 it was reported that this company plans to sell about $20,000,000 of mortgage bonds. **Office**—176 Remsen St., Brooklyn 1, N. Y. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Harriman Ripley & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; Blyth & Co., Inc., and F. S. Moseley & Co. (jointly). **Bids**—To be received on June 8.

Caldor, Inc.
March 15, 1961 it was reported that a full filing will be made soon covering an undisclosed number of common shares. **Price**—$5 per share. **Business**—Operates a chain of discount stores in Northern Westchester and Connecticut. **Office**—Riverside, Conn. **Underwriter**—Ira Haupt & Co., New York City (managing).

California Electric Power Co.
Jan. 18, 1961 it was reported that this company's plans to offer $8,000,000 of bonds will be governed more by the conditions of the money market than by the company's early need for long-term financing. With its 1961 construction program tentatively scheduled at $20,000,000, the company can wait at least until fall before it needs financing. **Proceeds** — For construction. **Office**—2885 Foothill Boulevard, San Bernardino, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

● Canandaigua Enterprises, Inc. Finger Lakes Racing Association, Inc.
March 22, 1961 it was reported that this company plans to sell publicly about 40,000 units, each unit to consist of one debenture, six common shares and three war-

Continued on page 52

Continued from page 51

rants. **Underwriter**—S. D. Fuller & Co., New York City (managing). **Registration**—Expected in mid-April.

Carbonic Equipment Corp.
Dec. 8, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co., Inc.

Car Plan System, Inc.
Feb. 1, 1961 it was reported that this company plans to file a "Reg. A" covering 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Automobile leasing. **Proceeds**—For expansion. **Office**—540 N. W. 79th St., Miami, Fla. **Underwriter**—R. F. Dowd & Co., Inc., New York City.

• Casavan Industries
March 29, 1961 it was reported that this company plans to file a registration soon covering 415,000 shares of common stock. **Business**—The company makes polystyrene and polyurethane for insulation, and processes marble for construction. **Proceeds**—For expansion. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—The company has had preliminary discussions with Amos Treat & Co., New York City.

Caxton House Corp.
Jan. 24, 1960 it was reported that a full filing of this company's stock, constituting its first public offering, will be made. **Price**—Approximately $3 per share. **Business**—Book publishing. **Office**—9 Rockefeller Plaza, New York City. **Underwriter**—To be named.

Central Hudson Gas & Electric Co.
March 14, 1961 it was reported that the company plans to sell $6,000,000 of preferred stock possibly in the second quarter. **Proceeds** — For expansion. **Office** — South Road, Poughkeepsie, N. Y. **Underwriter**—To be named. The last public sale of preferred in April 1949 was made through Kidder, Peabody & Co., and Estabrook & Co. (jointly).

Central Louisiana Electric Co., Inc.
Feb. 21, 1961 it was reported that the company is considering the issuance of $6,000,000 of bonds or debentures in the latter part of 1961. **Office** — 415 Main St., Pineville, La. **Underwriters**—To be named. The last issue of bonds on April 21, 1959 was bid on by Kidder, Peabody & Co. and Rauscher, Pierce & Co., Inc. (jointly); Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co., Inc.; White, Weld & Co.

Cincinnati Gas & Electric Co.
Feb. 16, 1961 it was stated in the company's 1960 annual report that this utility plans to sell both first mortgage bonds and common stock in 1962 to finance its $45,000,000 construction program. **Office**—Fourtin & Main Sts., Cincinnati, O. **Underwriter**—(Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc., and First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly). The last issue of common stock (81,510 shares) was sold privately to employees in August, 1960.

Colorado Interstate Gas Co.
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing which is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

Columbia Gas System, Inc. (6/1)
March 8, 1961 it was reported that this company plans to sell $30,000,000 of debentures in June and is considering the sale of either $20,000,000 of debentures or $25,000,000 of common stock in the fall. **Office** — 120 East 41st Street, New York 17, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly). **Bids**—To be received at the company's office on June 1.

Columbus & Southern Ohio Electric Co.
March 13, 1961 it was reported the company will sell about $10,000,000 additional common stock in late 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co

Commonwealth Edison Co.
Jan. 10, 1961 it was reported that this company plans to sell $30,000,000 of bonds in the second quarter of 1961. **Office**—72 W. Adams Street, Chicago, Ill. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Commonwealth International & General Fund (4/11)
March 14, 1961, it was reported that this Fund plans to make its first public offering on April 11. **Price**—$12.50 per share. **Business**—A new mutual fund which will invest primarily in the common stocks of foreign companies and in American firms which do a substantial foreign business. **Proceeds**—For investment. **Office**—615 Russ Building, San Francisco, Calif. **Underwriter**—North American Securities Co., San Francisco.

Community Public Service Co.
Feb. 6, 1961 it was reported that this company plans to sell $5,000,000 of first mortgage bonds. **Office**—408 W. 7th Street, Fort Worth 2, Texas. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; First Southwest Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Offering**—Expected in May.

★ Consolidated Cigar Corp.
March 24, 1961 the company announced plans to offer approximately 173,000 additional common shares for subscription by stockholders on the basis of one new share for each eight shares held. **Business**—The manufacture and sale of cigars. **Proceeds**—For expansion and working capital. **Office**—529 Fifth Avenue, New York 17, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Consolidated Edison Co. of New York, Inc. (6/20)
March 22, 1961 it was reported that this company plans to sell $50,000,000 of 30-year first mortgage bonds. **Office**—4 Irving Place, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. **Bids**—To be received at the company's office on June 20 at 11 a.m. **Information Meeting**—Scheduled for June 13 at 10 a.m.

Consolidated Natural Gas Co.
Jan. 31, 1961 it was reported that this company expects to sell about $25,000,000 of debentures in late 1961. **Business**—A holding company for six operating concerns engaged in the natural gas business. **Proceeds**—For construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., and First Boston Corp. (jointly); White, Weld & Co., and Paine, Webber, Jackson & Curtis (jointly).

Consumers Power Co.
Feb. 15, 1961 it was reported that this company may sell $20,000,000 of preferred and $30,000,000 of bonds about mid-year. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriter**—(Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., and First Boston Corp. (jointly); Morgan Stanley & Co. The last sale of preferred stock, on July 21, 1955, was handled by Morgan Stanley & Co.

Continental Vending Machine Corp.
Feb. 21, 1961 it was reported that the company is negotiating for the sale of $5,000,000 of convertible debentures. On March 8, the company's name was changed from Continental Industries, Inc. **Business**—The company manufactures and operates automatic vending machines dispensing cigarettes, coffee, cold drinks and food. **Office**—958 Brush Hollow Road, Westbury, L. I., N. Y. **Underwriter**—It was stated that exploratory discussions have been held with Shields & Co., New York City.

Dakota Reinsurance Corp.
Nov. 28, 1960 it was reported by Walter H. Johnson, President, that the company plans its first public offering of an as yet undetermined amount of its $1 par common stock. **Business**—The company will enter the field of reinsurance on a multiple line basis. **Office** — P. O. Box 669, Yankton South Dakota. **Underwriter**—Mr. Johnson states that the company is actively seeking an underwriter.

Dallas Power & Light Co.
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

Delaware Power & Light Co.
Feb. 7, 1961 it was reported that the company has postponed until early 1962 its plan to issue additional common stock. The offering would be made to common stockholders first on the basis of one share for each 10 shares held. Based on the number of shares outstanding on Sept. 30, 1960, the sale would involve about 418,536 shares valued at about $14,600,000. The last offering of common to stockholders in June, 1956, consisted of 232,520 shares offered at $35 a share to holders of record June 6, on the basis of one share for each eight shares held. **Proceeds**—For construction. **Office**—600 Market Street, Wilmington, Del. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., New York; W. C. Langley & Co., and Union Securities Co. (jointly); Lehman Brothers; First Boston Corp.; White, Weld & Co., and Shields & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Di Giorgio Fruit Corp.
March 20, 1961, the company reported that it plans to sell 275,000 additional shares of common stock. **Price**—To be supplied by amendment. **Business**—The production, harvesting and marketing of agricultural products, especially fruits. **Proceeds**—For the repayment of loans. **Office**—350 Sansome Street, San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco. **Registration**—Imminent.

Diversified Automated Sales Corp.
Nov. 16, 1960 it was reported by Frazier N. James, President, that a "substantial" issue of common stock, constituting the firm's first public offering, is under discussion. **Business** — The company makes a film and flashbulb vending machine called DASCO, which will sell as many as 18 products of various sizes and prices, and will also accept exposed film for processing. **Office**—223 8th Ave., South, Nashville, Tenn. **Underwriter**—Negotiations are in progress with several major underwriters.

Dynamic Center Engineering Co., Inc.
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office** — Norcross, Ga. **Underwriter**—To be named.

Eastern Lime Corp.
March 1, 1961, it was reported that this company plans to sell about $800,000 of 15-year convertible debentures. **Business**—The company produces chemical grade limestone for cement plants, crushed stone and black top for road building. **Office** — Kutztown, Pa. **Underwriters**—Stroud & Co., Philadelphia and Warren W. York & Co., Allentown, Pa.

Edo Corp.
March 21, 1961 it was reported that this company plans the issuance and sale of $2,000,000 of bonds. **Business**—The manufacturer of electronic equipment, particularly marine, airborne and underwater devices. **Proceeds**—For expansion. **Office**—1404 111 Street, College Point, N. Y. **Underwriter**—To be named.

Empire Fund, Inc.
March 8, 1961 it was reported that the Federal Internal Revenue Service had granted this fund's application for approval of a tax free exchange of shares for Corporate Securities. It is expected that a registration statement covering this "centennial-type" fund will be filed with the SEC shortly. **Office**—Pittsburgh, Pa.

Epoderm Inc.
Jan. 27, 1961 it was reported that the company plans its first public offering of 40,000 shares of common stock. **Price** — $10 per share. **Business** — The manufacture of drugs. **Proceeds**—The research and synthesis of certain hormones that may be helpful in revitalizing dormant hair growth. **Office**—New Jersey. **Underwriter**—M. H. Meyerson & Co., Ltd., 15 William St., New York City (managing).

Exploit Films, Inc.
March 8, 1961 it was reported that this company plans a full filing covering 100,000 common shares. **Price**—$5 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th Street, New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City (managing). **Registration**—Expected on or about April 1. **Offering**—Expected in late May.

Fawcett Publications, Inc.
Jan. 20, 1961 it was reported that this family-owned publishing business is contemplating its first public offering. **Office**—Greenwich, Conn. **Underwriter**—To be named.

First Continental Real Estate Trust
Jan. 6, 1961 it was reported that this company plans to file, at some future date, an SEC registration statement covering 1,500,000 trust shares to be offered for public sale. **Business**—General real estate. **Proceeds**—For general corporate purposes. **Office**—105 West Adams Street, Chicago 3, Ill.

First National Bank of Toms River (N. J.)
March 22, 1961 it was reported that stockholders voted on this date to increase the authorized stock to provide for payment of a 66⅔% stock dividend and sale of 20,000 new shares of common (par $5) to stockholders on the basis of one new share for each 20 shares held of record July 17, with rights to expire Aug. 17. **Price**—About $22 per share. **Proceeds**—To increase capital. **Office**—Toms River, N. J. **Underwriter**—None.

Florida Power & Light Co.
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

Ford Motor Credit Co.
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

Gas Service Co.
March 22, 1961 it was reported that stockholders are to vote April 18 on authorizing a new issue of 150,000 shares of preferred stock (par $100). The company is considering the sale of between $5,000,000 to $7,500,000 of preferred and may issue some bonds at the same time. **Office** — 700 Scarritt Bldg., Kansas City, Mo. **Underwriters**—To be named. The company has never issued preferred stock, but the last sale of common on April 19, 1954 was handled by Kuhn, Loeb & Co., Eastman Dillon, Union Securities & Co., Reynolds & Co., and Allen & Co. The last sale of bonds on July 6, 1958 was made privately through Eastman Dillon, Union Securities & Co., New York City and Stern Brothers & Co., Kansas City, Mo. **Offering**—Expected in late 1961.

General Public Utilities Corp.
March 14, 1961 it was stated in the company's 1960 annual report that the utility expects to sell additional common stock to stockholders in 1962 through subscription rights on the basis of one share for each 20 shares held. Based on the 22,838,454 common shares outstanding on Dec. 31, 1960, the offering will involve a minimum of 1,141,922 additional shares. **Office**—67 Broad St., New York 4, N. Y. **Underwriter**—None.

General Resistance, Inc.
Sept. 19, 1960 it was reported that the company will file a letter of notification, comprising its first public offering. **Office**—577 East 156th Street, Bronx, N. Y.

General Telephone Co. of California
Feb. 1, 1961 it was reported that this subsidiary of

General Telephone & Electronics Corp. plans to sell about $20,000,000 of bonds in the first half of 1961. **Office**—2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Equitable Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly); Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp.

General Telephone Co. of Florida
Feb. 8, 1961 it was reported that this subsidiary of General Telephone & Electronics Corp., expects to offer about $15,000,000 of bonds in November. **Office** — 610 Morgan St., Tampa, Fla. **Underwriters**—Stone & Webster Securities Corp., and Paine, Webber, Jackson & Curtis, both of New York City.

★ **General Telephone & Electronics Corp.**
March 28, 1961 it was reported that stockholders are to vote April 19 on authorizing the company to issue up to $100,000,000 of convertible debentures. A spokesman stated that no financing is planned at present, but that the debentures will be available if needed at some future time. **Office**—730 Third Avenue, New York 17, N. Y. **Underwriter**—To be named. The last issue of debentures on May 16, 1957 was offered for subscription by common stockholders and was underwritten by Paine, Webber, Jackson & Curtis, New York City, and associates.

Georgia Bonded Fibers, Inc.
Sept. 14, 1960 it was reported that registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and New York City.

Georgia Power Co. (10/18)
Dec. 29, 1960 this subsidiary of the Southern Co., applied to the Georgia Public Service Commission for permission to issue $15,500,000 of 30-year first mortgage bonds, and $8,000,000 of new preferred stock. **Proceeds**—For construction, plant modernization or refunding of outstanding debt. **Office**—Electric Bldg., Atlanta 3, Ga. **Underwriters** — To be determined by competitive bidding. Previous bidders for bonds included Harriman Ripley & Co., Inc.; Lehman Brothers; Blyth & Co., Inc., Kidder, Peabody & Co., and Shields & Co. (jointly); First Boston Corp.; Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp., Eastman Dillon, Union Securities & Co. (jointly). Previous bidders for preferred were First Boston Corp., Lehman Brothers, Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; and Equitable Securities Corp. **Bids**—Expected to be received on Oct. 18.

★ **Gluckin (Wm.) & Co., Inc.**
March 29, 1961 it was reported that this subsidiary of Essex-Universal Corp., plans to sell about 200,000 shares of common stock. **Price**—About $14 per share. **Business**—Manufactures women's foundation garments. **Office**—330 Fifth Avenue, New York City. **Underwriter**—Sterling, Grace & Co., New York City. **Offering**—Expected in July.

Grosset & Dunlap, Inc.
Jan. 23, 1961 it was reported that this firm is contemplating its first offering of common stock. **Business**—This is a publishing firm owned by Little Brown, Harper's, Random House, and Book Of The Month Club, with the last-named firm owning the largest interest. The prospective issuer owns Treasure Books, Wonder Books, and Bantam Books jointly with Curtis Publishing Co. **Office**—1107 Broadway, New York City. **Underwriter**—Blyth & Co., Inc., New York City (managing).

Gulf Power Co. (12/7)
Jan. 4, 1960 it was reported that this subsidiary of The Southern Co., plans to sell $5,000,000 of 30-year bonds. **Office**—75 North Pace Blvd., Pensacola, Fla. **Underwriter**—To be determined by competitive bidding. Previous bidders included Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on Dec. 7, 1961.

Hawaiian Telephone Co.
March 8, 1961 it was reported that this company plans to sell about $5,000,000 of common stock to stockholders through subscription rights later this year. **Office**—1130 Alakea Street, Honolulu 13, Hawaii. **Underwriter**—None.

Houston Fearless Corp.
Feb. 27, 1961, Barry J. Shillito, President, stated that the company plans to expand its Western Surgical and Westlab divisions into a new national medical and hospital supply concern. He added that 80% of the new firm's stock would be retained by Houston and the remaining 20% sold to the public. **Office** — 11801 W. Olympic Blvd., Los Angeles 64, Calif.

Houston Lighting & Power Co.
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

Idaho Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $10,000,000 of bonds and about $5,000,000 of common in the third quarter of 1961. **Proceeds**—To repay loans and for construction. **Underwriters**—To be determined by competitive bidding. Probable bidders on the bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co., and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Salomon Bros. & Hutzler, and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. Probable bidders on the common: Blyth & Co., Inc.; Lazard Freres & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Illinois Terminal RR.
Jan. 16, 1961 it was reported that this company plans the sale later this year of about $8,500,000 of first mortgage bonds. **Office**—710 North Twelfth Blvd., St. Louis, Mo. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago.

● **Indiana & Michigan Electric Co. (5/31)**
March 29, 1961 it was reported that this company plans to sell $20,000,000 of 25-year debentures. **Proceeds**—For construction. **Offices** — 2101 Spy Run Avenue, Fort Wayne, Ind., and 2 Broadway, New York City. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Eastman Dillon, Union Securities & Co.; First Boston Corp.; Harriman Ripley & Co., Inc. **Bids**—To be received on May 31 at 11:30 a.m. (EST). **Information Meeting**—Scheduled for May 26 at 3 p.m. (EST).

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25, 1960, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

Industrial Gauge & Instrument Co.
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

Japan Telephone & Telegraph Corp.
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters**—Dillon, Read & Co., First Boston Corp., and Smith, Barney & Co. **Offering**—Expected in the Spring of 1961.

Kansas Power & Light Co.
March 15, 1961 it was reported that this company is considering the issuance of $10,000,000 to $15,000,000 of bonds in the third or fourth qarter of 1961. **Proceeds**—For construction. **Office**—800 Kansas Ave., Topeka, Kan. **Underwriter**—First Boston Corp., New York City (managing).

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

Long Island Lighting Co.
Jan. 25, 1961 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 of 30-year first mortgage bonds probably in the second or third quarter of 1961. **Office**—250 Old Country Road, Mineola, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Blyth & Co., Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly).

Macrose Lumber & Trim Co., Inc.
Dec. 20, 1960, it was reported that this company plans a public offering of about 500,000 common shares (par $1) in early 1961. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y.

Magnefax Co.
Feb. 21, 1961 it was reported that this company expects to sell 200,000 shares of common stock. **Business**—Manufactures office copying machines. **Office** — Commercial Trust Co. Bldg., Philadelphia, Pa. **Underwriter**—Stroud & Co., Philadelphia, Pa.

★ **Marraud & Co.**
March 29, 1961 it was reported that a registration will be filed shortly covering 120,000 shares of common stock. **Business** — Manufacturers cosmetics. **Office** — Boston, Mass. **Underwriter**—McDonnell & Co., New York City.

Martin Paint & Wallpapers
Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds**—For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Avenue, Jamaica, L. I., N. Y.

Massachusetts Electric Co. (6/27)
March 21, 1961 it was reported that the company plans to issue $17,500,000 of first mortgage bonds series F, due 1991. The company recently merged six subsidiaries of New England Electric System and changed its name to the above, from Worcester County Electric Co. **Office**—939 Southbridge Street, Worcester, Mass. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co., and Coffin & Burr, Inc. **Bids**—To be received on June 27.

Masters Inc.
Jan. 6, 1961 it was reported that this corporation is contemplating its first public financing. **Business**—The operation of a chain of discount houses. **Office**—135-21 38th Avenue, Flushing 54, L. I., N. Y.

McCulloch Corp.
Jan. 9, 1961 it was reported that this corporation will schedule its initial public financing for late 1961 or some time in 1962. **Business**—The corporation manufactures Scott outboard motors and McCulloch chain saws. **Office**—6101 West Century Boulevard, Los Angeles 45, Calif.

Metropolis Bowling Centers Inc.
March 13, 1961 it was reported that this company is planning to sell 192,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—The company has three bowling alleys in operation in New York City. **Proceeds** — To maintain present properties and acquire other bowling centers. **Office**—72 Park Row, New York City. **Underwriters**—Thomas, Williams & Lee, Inc., and Russell & Saxe, Inc., New York City (managing). **Registration**—Imminent. **Offering**—Expected in late April.

Metropolitan Edison Co.
Feb. 1, 1961 it was reported that this subsidiary of General Public Utilities Corp., plans to sell about $10,000,000 of first mortgage bonds and $5,000,000 of debentures in August or September. **Office** — 2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Blyth & Co., Inc.

● **Michigan Consolidated Gas Co. (5/23)**
March 24, 1961 it was reported that this company plans to sell $30,000,000 of 25-year first mortgage bonds. **Proceeds**—To repay notes and for construction. **Office**—415 Clifford St., Detroit 26, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: White, Weld & Co.; Lehman Brothers; and Halsey, Stuart & Co. Inc. **Bids**—To be received in Detroit on May 23 at 10:30 a.m. (EST)

● **Michigan Wisconsin Pipe Line Co. (6/14)**
March 24, 1961 it was reported that this subsidiary of American Natural Gas Co., plans to sell about $30,000,000 of bonds in the first half of 1961. **Proceeds** — For construction. **Office** — 500 Griswold Street, Detroit 26, Mich. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc. **Bids**—To be received in suite 4950, 30 Rockefeller Plaza, New York City, on June 14 at 11 a.m. (EST)

★ **Missouri Pacific RR (4/18)**
March 28, 1961 it was reported that this company plans to sell $6,000,000 of 1-15 year equipment trust certificates. **Office**—Missouri Pacific Building, St. Louis 3, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Brothers & Hutzler. **Bids**—Expected in St. Louis on April 18.

Mississippi Power Co. (9/28)
Jan. 4, 1961 it was reported that this subsidiary of The Southern Co., plans to sell publicly $5,000,000 of 30-year bonds and $5,000,000 of preferred stock (par $100). **Proceeds**—For construction and expansion. **Office**—2500 14th St., Gulfport, Miss. **Underwriter**—To be determined by competitive bidding. Previous bidders for bonds were Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. Previous bidders for preferred stock included Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Sept. 28.

Mississippi River Transmission Corp.
Feb. 27, 1961, it was reported that this subsidiary of Mississippi River Fuel Corp., plans to sell about $6,500,000 of debentures or bonds in late 1961. **Proceeds**—For the repayment of bank debt. **Office**—9900 Clayton Road, St. Louis, Mo. **Underwriter**—To be named. The last issue of debentures by Mississippi River Fuel Corp., parent, in March 1958 was underwritten by Eastman Dillon, Union Securities & Co., and associates.

● **Monroe Mortgage & Investment Corp.**
Dec. 12, 1960, Cecil Carbonell, Chairman, announced that this company is preparing a "Reg. A" filing covering 150,000 shares of common stock. **Price** — $2 per share. **Business**—The company is engaged in first mortgage financing of residential and business properties in the Florida Keys. **Proceeds**—To expand company's business. **Office**—700 Duval Street, Key West, Fla. **Underwriter**—None. **Registration**—Expected in May.

Monticello Lumber & Mfg. Co.
Jan. 3, 1961 it was reported that this company plans a "Reg. A" filing covering 75,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For equipment, plant expansion and working capital. **Office**—Monticello, N. Y. **Underwriter**—J. Laurence & Co., Inc., 117 Liberty St., New York City.

New England Power Co.
Jan 24, 1961 it was reported that this subsidiary of New England Electric System plans to sell $20,000,000 of first mortgage bonds. **Office**—441 Stuart St., Boston 16, Mass. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Equitable Securities Corp., and Blair & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp.; Lehman Brothers. **Offering**—Expected in October.

New England Telephone & Telegraph Co. (4/25)
Feb. 21, 1961 this subsidiary of American Telephone & Telegraph Co., announced plans to sell additional common stock to stockholders through subscription rights on the basis of one new share for each seven shares held of record April 25. Based on the 22,047,305 shares outstanding on Dec. 31, 1960 this would amount to about 3,150,000 common shares. **Proceeds**—To repay short term loans and to pay at maturity $40,000,000 of 4½% first mortgage bonds due May 1, 1961. **Office**—185 Franklin St., Boston 7, Mass. **Underwriter**—None.

Continued on page 54

Continued from page 53

New Orleans Public Service, Inc. (5/25)
Nov. 10, 1960 it was reported that an issue of $15,000,000 of first mortgage bonds is expected in **May, 1961. Office**—317 Baronne St., New Orleans, La. **Underwriter**—To be determined by competitive bidding. **Probable bidders:** Halsey, Stuart & Co. Inc.; Lee Higginson Corp., Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); **White, Weld & Co.;** Salomon Brothers & Hutzler. **Offering** — Expected May 25.

Northern Illinois Gas Co.
March 22, 1961 it was reported that this company plans to sell about $20,000,000 of common stock through a rights offering to stockholders. **Office**—50 Fox Street, Aurora, Ill. **Underwriters**—To be named. The last rights offering in April, 1954, was underwritten by First Boston Corp., and Glore, Forgan & Co., both of New York City. **Offering**—Expected in June.

Northern Natural Gas Co.
March 15, 1961, the company reported that it expects to raise about $80,000,000 of new money in 1961. Present plans are for issuance of about $30,000,000 of debentures by mid-year and an additional $30,000,000 to $35,000,000 of debentures by year-end. It is also expected that some $12,000,000 to $15,000,000 of common stock will be sold to stockholders through subscription rights in September or October. **Proceeds**—For construction. **Office**—2223 Dodge St., Omaha 1, Neb. **Underwriter** — Blyth & Co., New York City (managing).

Northern States Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $20,000,000 of bonds in the third quarter of 1961. **Offices**—15 So. La Salle Street, Chicago 4, Ill.; 15 So. Fifth Street, Minneapolis 2, Minn.; 111 Broadway, New York 6, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp. and Blyth & Co., Inc. (jointly). **Offering**—Expected in August.

Northwestern Public Service Co.
March 8, 1961 it was reported that this company plans to sell about $2,500,000 of bonds in August or September. **Office**—Huron, S. Dak. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart, & Co., and Kidder, Peabody & Co.

Northwestern Public Service Co.
March 8, 1961 it was reported that this company plans to sell about $1,200,000 of common stock to stockholders through subscription rights. **Office**—Huron, S. Dak. **Underwriter**—To be named. The last rights offering to stockholders, on July 8, 1958, was underwritten by A. C. Allyn & Co., Chicago, Ill. **Offering**—Expected in April.

★ Ohio Edison Co. (5/22)
March 23, 1961 it was reported that this company plans to sell $30,000,000 of bonds. **Office** — 47 North Main Street, Akron 8, Ohio. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly); First Boston Corp.; Morgan Stanley & Co. **Bids**—To be received on May 22.

One Maiden Lane Fund, Inc.
March 2, 1961 it was reported that this fund expects to file 300,000 shares of common stock. **Price** — $3 per share. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls & Co., Inc., 1 Maiden Lane, New York 38, N. Y.

★ Pacific Gas & Electric Co.
March 28, 1961 it was reported that this company plans to offer additional common stock to stockholders on the basis of one share for each 20 shares held. Based on the 17,929,305 shares outstanding on Dec. 31, 1961 this would amount to about 896,465 common shares. **Office**—245 Market Street, San Francisco 6, Calif. **Underwriter**—To be named. The last rights offering on June 17, 1958 was underwritten by Blyth & Co., Inc., New York City.

Pacific Lighting Corp.
Jan. 3, 1961 it was reported by Paul A. Miller, Treasurer that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961 and that it probably would not be a common stock offering. **Office**—600 California Street, San Francisco 8, Calif.

• Pacific Telephone & Telegraph Co.
March 24, 1961 stockholders of this A. T. & T. subsidiary approved a plan to form a new company to be known as the Pacific Northwest Bell Telephone Co. The new concern will acquire the business and properties of the Pacific Telephone-Northwest division which operates in Washington, Oregon, and Idaho. All of the stock of the new company will be owned by Pacific Telephone but "as soon as practicable" it will be offered for sale to Pacific Telephone stockholders at a price to be fixed by the Board of Directors. **Office**—140 New Montgomery Street, San Francisco, Calif. **Underwriter**—The last offering of common stock to shareholders on Feb. 25, 1960 was not underwritten. However, A. T. & T., which owns over 90% of the outstanding shares, exercised its rights to subscribe to its pro rata share of the offering.

Panhandle Eastern Pipe Line Co.
March 8, 1961 it was reported that this company expects to sell about $72,000,000 of debentures in September, subject to FPC approval of its construction program. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder Peabody & Co., both of New York City (managing).

Pennsylvania Power Co.
Dec. 14, 1960, it was reported that this company has applied to the SEC for an order under the Holding Company Act, authorizing the issuance of $878,000 of first mortgage bonds, 3¼% series, due 1982. **Proceeds**—For sinking fund purposes. **Office** — 19 E. Washington St., New Castle, Pa. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., and Dean Witter & Co. (jointly).

Peoples Gas Light & Coke Co. (5/9)
Jan. 10, 1961 it was reported that this company plans to sell about $35,000,000 of first mortgage bonds in 1961. **Proceeds**—To retire maturing bonds and for construction. **Office**—122 So. Michigan Avenue, Chicago 3, Ill. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; First Boston Corp. **Bids**—To be received May 9.

Power Chem Industries
Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The company is in the process of organizing and will manufacture additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office** — 645 Forrest Ave., Staten Island, N. Y. **Underwriter** — Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y. **Registration**—Indefinite.

Public Service Co. of Colorado
Dec. 2, 1960, W. D. Virtue, treasurer, stated that company plans the sale of about $20,000,000 of common stock to be offered stockholders through subscription rights in mid-1961. **Proceeds**—For expansion. **Office**—900 15th St., Denver, Colo. **Underwriter** — Last equity financing handled on a negotiated basis by First Boston Corp.

Public Service Electric & Gas Co. (6/6)
March 22, 1961 it was reported that this company plans to sell about 900,000 shares of common stock, subject to the approval of the New Jersey Public Service Commission. **Proceeds** — For construction. **Office** — 80 Park Place, Newark, N. J. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

Radiation Applications, Inc.
Jan. 17, 1961 it was reported that this company is considering a public offering of stock in 1962. **Business**—Develops plastic and chemical materials for the electronics and missile industries, and performs extensive research and development in the fields of atomic energy, extractive metallurgy, plastics, and electrical insulation. Schenley Industries, Inc., owns about 36% of the outstanding stock. **Office**—Long Island City, N. Y. **Underwriter**—To be named. Hayden, Stone & Co., New York, recently handled a private placement of the company's stock.

Rochester Gas & Electric Corp.
Jan. 24, 1961 the company stated it plans to issue about $15,000,000 of 30-year bonds in September. **Proceeds**—For construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp

Sierra Pacific Power Co. (5/4)
Feb. 16, 1961 the company stated that it plans to sell offer common stockholders the right to subscribe to additional stock on the basis of one new share for each 12 shares held. Based on the 795,416 common shares outstanding on Nov. 30, 1960 and the proposed 2-for-1 stock split expected to become effective March 29, 1961, this offering will involve about 132,570 new shares, and will be made on or about May 4. **Office**—220 South Virginia St., Reno, Nev. **Underwriter**—None.

Sierra Pacific Power Co. (5/11)
Feb. 16, 1961 the company reported that it plans to $6,500,000 of first mortgage bonds. **Proceeds**—For construction. **Office** — 220 South Virginia St., Reno, Nev. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: Stone & Webster Securities Corp.; Dean Witter & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on May 11.

Silo's Discount House
Jan. 9, 1961 it was reported that this retail chain is contemplating its first public financing. **Office**—Philadelphia, Pa.

Simulmatics Corp.
Feb. 21, 1961 it was reported that the company expects to file a registration statement shortly, covering 150,000 shares of common stock. **Office**—501 Madison Ave., New York 22, N. Y. **Underwriter**—Russell & Saxe, New York City.

Sony Corp.
Feb. 21, 1961 it was reported that this company plans to sell 2,000,000 common shares in the U. S., this summer. A registration statement covering the proposed offering will be filed with the SEC. **Business**—The company is a major producer of electronic consumer goods such as tape recorders, transistor radios and television sets. **Office**—Tokyo, Japan. **Underwriter**—To be named.

Southern Electric Generating Co. (6/15)
Jan. 4, 1961 it was reported that this company, jointly owned by Alabama Power Co., and Georgia Power Co. both in turn controlled by The Southern Co., plans the public sale of $25,000,000 first mortgage bonds due June 1, 1992. **Proceeds**—For expansion. **Office**—600 North Eighteenth St., Birmingham 3, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders included Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., (jointly); Morgan Stanley & Co., White, Weld & Co., and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); First Boston Corp.; and Halsey, Stuart & Co. Inc. **Registration**—Expected about May 8. **Bids**—To be received at 11 a.m. on June 15.

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

Southern Pacific Co. (4/4)
March 6, 1961 it was reported that this company plans to issue about $4,245,000 of equipment trust certificates. **Office**—165 Broadway, New York 6, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler. **Bids**—To be received on April 4 at noon (EST).

Southern Railway Co.
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Swift & Co.
Feb. 7, 1961 it was reported that stockholders voted Jan. 26 to authorize the company to issue up to $35,000,000 of convertible debentures, and to increase authorized common from 6,000,000 to 8,000,000 shares to provide additional underlying shares for the proposed convertible issue. **Proceeds**—For expansion and working capital. **Office**—Union Stock Yards, Chicago 9, Ill. **Underwriter**—To be named. The last issue of debentures in October 1958 was placed privately through Salomon Bros. & Hutzler, New York City.

Texas Bank & Trust Co. (Dallas)
March 15, 1961, it was reported that stockholders are to vote April 13, on increasing the authorized $10 par stock to provide for sale of 50,000 shares to stockholders on the basis of one new share for each six shares held. **Price** — $25 per share. **Proceeds** — To increase capital. **Office**—Main and Lamar Streets, Dallas, Texas. **Underwriter**—None.

Texas Gas Transmission Corp.
Jan. 11, 1961 it was reported that this company plans to sell $10,000,000 to $15,000,000 of bonds in the third quarter of 1961. **Office**—416 West Third Street, Owensboro, Ky. **Underwriter**—Dillon, Read & Co., New York City.

• Thorough-Bred Enterprises, Inc.
March 16, 1961 it was reported that this company plans to sell 85,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business** — Operates a breeding farm for thoroughbred horses. **Proceeds**—For building a barn, purchasing land and acquiring additional horses. **Office**—Biscayne Boulevard, Miami, Fla. **Underwriter**—Sandkuhl Company, Inc., Newark, N. J., and New York City.

Traid Corp.
Jan. 4, 1961 it was reported that this company is contemplating some new financing. No confirmation was available. **Business**—The company specializes in airborne photo instrumentation and manufactures aircraft motion picture cameras and accessory items. **Office** — Encino, Calif. **Underwriter**—Previous financing was handled by D. A. Lomasney & Co., New York City.

Trunkline Gas Co.
March 8, 1961 it was reported that this subsidiary of Panhandle Eastern Pipe Line Co., expects to sell about $50,000,000 of bonds or preferred stock in September. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

Union Electric Co.
Jan. 19, 1961 it was reported that this company plans to sell $20,000,000 to $30,000,000 of preferred in late 1961 **Proceeds**—For expansion of facilities. **Office** — 315 N. 12th Blvd., St. Louis, Mo. **Underwriter** — To be determined by competitive bidding. The last sale of preferred in November 1949 was underwritten by First Boston Corp.; Dillon, Read & Co., Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly); and Blyth & Co.

United Aircraft Corp.
Feb. 15, 1961 it was reported that this company is considering issuance of $50,000,000 of bonds to replace a seven-year term loan. **Office**—400 Main St., East Hartford, Conn. **Underwriter**—To be named. The company has never issued bonds, but its last offering of preferred stock on Sept. 17, 1956 was underwritten by Harriman Ripley & Co., Inc., New York and associates.

Universal Oil Products Co.
Jan. 17, 1961 it was reported that this company may require financing either through bank borrowings or the sale of debentures in order to further expansion in a major field which the company would not identify. No decision has been made on whether the product, named "Compound X," will be produced. **Business**—The company is a major petroleum and chemical research and process development concern. **Office**—30 Algonquin Rd.,

Des Plaines, Ill. **Underwriter**—To be named. The company has never sold debentures before. However, the last sale of common stock on Feb. 5, 1959 was handled by Lehman Brothers, Smith, Barney & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., all of New York City.

★ Versapak Film & Packaging Machinery Corp.
March 29, 1961 it was reported that a registration will be filed shortly covering an undisclosed number of common shares and warrants. **Business**—The manufacture of automatic packaging machines. **Underwriters**—Hill, Thompson & Co. (managing); Hampstead Investing Co., and Globus, Inc., all of New York City.

Vinco Corp.
Feb. 20, 1961 it was reported that this company plans to sell $2,000,000 of convertible bonds. **Business**—The manufacture of precision parts and subassemblies for aircraft, missile and other industries. The company also produces guages and measuring instruments. **Proceeds**—For expansion and acquisition. **Office** — 9111 Schaefer Highway, Detroit, Mich. **Underwriter**—S. D. Fuller & Co., New York City.

Virginia Electric & Power Co. (6/13)
Jan. 17, 1961 the company announced plans to sell $30,000,000 of first mortgage bonds. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids**—Scheduled for June 13 at 11 a.m. (EST).

★ Virginia Electric & Power Co. (12/5)
March 23, 1961, the company announced plans to sell $15,000,000 of securities, possibly bonds or debentures. **Office** — Richmond 9, Va. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler; Goldman, Sachs & Co. **Bids**—To be received on Dec. 5, 1961.

● Washington Gas Light Co. (5/3)
Feb. 27, 1961 it was reported that this company plans to sell $15,000,000 of refunding mortgage bonds. **Proceeds**—To repay debt and for construction. **Office**—1100 H St., N. W. Washington 5, D. C. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., and Stone & Webster Securities Corp. (jointly). **Bids** — Expected on May 3 at 11 a.m. (EST).

Washington Natural Gas Co. (5/3)
March 6, 1961 it was reported that this company plans to sell about 110,000 additional shares of common stock (par $10). To be offered for subscription by stockholders on the basis of one new share for each 10 shares held of record about May 3. **Proceeds**—To repay bank loans and for construction. **Office**—1507 Fourth Ave., Seattle, Wash. **Underwriter**—Dean Witter & Co., San Francisco, Calif. (managing).

West Penn Power Co.
Feb. 10, 1961, J. Lee Rice, Jr., President of Allegheny Power System, Inc., parent company, stated that West Penn expects to sell about $25,000,000 of bonds in 1962. **Office** — 800 Cabin Hill Dr., Hempfield Township, Westmoreland County, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and First Boston Corp. (jointly); Harriman Ripley & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Western Union Telegraph Co.
Feb. 28, 1961 it was reported that the FCC has approved the company's plan to transfer its Atlantic cable system to a newly organized company, Western Union International, Inc. The plan provides for the issuance by Western Union International of about $4,000,000 of subordinated debentures and 400,000 shares of class A stock to be offered to stockholders of Western Union Telegraph Co. in units of $100 of debentures and ten shares of stock. In addition, American Securities Corp., New York City, would purchase from Western Union International about 133,000 additional shares of class A stock giving American Securities ownership of approximately 25% of the outstanding class A stock of WUI. Then Western Union Telegraph would purchase 250,000 shares of class B stock for $100,000 and WUI would sell $4,500,000 of debentures or bonds. **Office**—60 Hudson St., New York City. **Underwriter**—American Securities Corp. (managing).

Wisconsin Power & Light Co.
Jan. 19, 1961 it was reported that this company plans to sell about $6,500,000 of preferred stock in the third quarter of 1961. **Proceeds**—For expansion. **Underwriters**—The last sale of preferred stock in May, 1958 was handled by Smith, Barney & Co., New York and Robert W. Baird & Co., Inc., Milwaukee (jointly).

Wisconsin Southern Gas Co.
Dec. 12, 1960 it was reported in a company prospectus that an undetermined amount of capital stock or bonds will be sold in 1961-1962. **Proceeds**—For the repayment of short-term bank loans incurred for property additions. **Office**—Sheridan Springs Road, Lake Geneva, Wis. **Underwriter** — The Milwaukee Co., Milwaukee, Wis. (managing).

★ Zayre Corp.
March 24, 1961, Stanley H. Feldberg, President, stated that this company may require additional financing in the near future. The type of security to be sold has not been decided upon but the company is considering the issuance of debentures or common stock. **Business**—The operation of self-service discount department stores, principally in the east and south. **Proceeds**—For expansion. **Office**—Natick, Mass. **Underwriter**—To be named.

Investment Club Association in Membership Drive

Financial contributions from sponsors are solicited in a new drive to increase membership in National Association of Investment Clubs and to encourage more shareholders. Objective is to increase membership about fourteen-fold from its present 350,000 to 5,000,000.

A nationwide program with the dual goals of education about the American economic system and promotion of membership in investment clubs was announced by the National Association of Investment Clubs, Detroit.

Aiming to increase membership in investment clubs to 5,000,000 from the present 350,000, the program will call for informing all Americans about investment principles and how they can readily acquire a personal stake in the nation's growth.

It will be financed by contributions from individuals, corporations, investment companies and others, who will be enrolled as members of the NAIC's National Board of Sponsors, according to Thomas E. O'Hara, chairman of the board of trustees.

Membership Growth

The NAIC, formed in 1951, has a membership of 5,632 clubs in the United States, composed of 78,400 persons. The number of clubs enrolled has increased about 300% in the past five years.

"This is one of the most significant trends in the American economic system," Mr. O'Hara said, "because it has been bringing participation in American capitalism to a wide range of people. By investing regularly in the portfolios of their clubs, these people learn how our system works and come to appreciate the economic factors that determine our progress. They gain an understanding of the need for profits, and the effects of taxes and labor costs. This is a positive form of education that is proving helpful in gaining broad understanding of economic proposals in Congress, the demands of labor unions and other matters having great significance for the future of American business."

Other purposes of the program to broaden participation in investment clubs, Mr. O'Hara said, are:

(1) Increasing the flow of investment into American business, necessary to finance growth and create new jobs.

(2) Spreading economic democracy, by enabling many more Americans to share in ownership of business.

(3) Affording millions of people a savings-and-investment plan that affords protection against inflation.

(4) Broadening stockholder lists of many corporations and providing new outlets for their additional equity issues.

(5) Starting many people toward individual investment programs in addition to their club participation, by familiarizing them with the procedures and benefits.

While most clubs invest their members' monthly investments — usually $10 per member — in stocks and bonds, some invest in real estate, commodities, oil and gas exploration, foreign enterprises and other ventures, Mr. O'Hara said. All member clubs of NAIC are bonded and issue audited reports.

Working with NAIC on the new program is The Philip Lesly Company, international public relations firm. Initial activities aimed at enrolling sponsors will begin immediately. Contributions of $50 to $2,500 a year will be accepted by NAIC, whose address is the First National Building, Detroit.

Benbow Astronaut. Cl. A Stk. Offered

Pursuant to a March 23, 1961 offering circular, 100,000 shares of class A stock (par 5 cents) of Benbow Astronautics, Inc., was offered publicly at $3 per share through Edward Hindley & Co., T. M. Kirsch Co., Cortlandt Investing Corp., and H. B. Crandall Co., all of New York City.

Benbow, with headquarters in Culver City, Calif., supplies the missile and aircraft industries with hydraulic valves and regulators and related mechanical components. It will use the proceeds from this sale for additional working capital, and for research and development in the fields of cryogenics and high temperature pneumatic systems.

Stelma, Inc. Common Sold

It was announced on March 29 that an underwriting group headed by Amos Treat & Co., Inc., 79 Wall St., New York 5, N. Y., had publicly offered and sold 200,000 shares of the 10¢ par common stock of Stelma, Inc. at $17.50 per share.

The company, located at 200 Henry St., Stamford, Conn., makes products relating to telephone, telegraph, radio and switching equipment in communications systems with heavy emphasis on data processing.

The proceeds of the stock sale will go to three selling stockholders.

Now Olmstead Allen

LOS ANGELES, Calif.—The firm name of Troy Allen & Co., 5455 Wilshire Boulevard has been changed to Olmstead, Allen & Co. Officers are Sims Troy Allen, President; Peter Olmstead, Vice-President, Treasurer and Secretary.

In Securities Business

BOSTON, Mass.—William A. Parr is engaging in a securities business from offices at 84 State St. under the firm name of State Street Securities Co.

FINANCIAL NOTICE

Notice to Security Holders of
THE DAYTON POWER AND LIGHT COMPANY
Earning Statement for Twelve Months Period Ended February 28, 1961

The Dayton Power and Light Company has made generally available to its security holders, in accordance with the provisions of Section 11 (a) of the Securities Act of 1933, as amended, an earning statement for the 12 months period ended February 28, 1961, which began after the effective date of the Company's Registration Statement, SEC File No. 2-16050, (effective February 15, 1960), relating to the $25,000,000 5 1/8% Series Bonds Due 1990 of the Company. On request, the Secretary of the Company will mail copies of such earning statement to security holders of the Company and other interested parties.

The Dayton Power and Light Company
25 North Main Street
Dayton 1, Ohio
March 27, 1961

Loan Assn. Stock Off'd.

Pursuant to a March 30 prospectus, McClane & Co., Inc., of 26 Broadway, N. Y. 4, publicly offered at $5 per share 100,000 shares of the 10¢ par class A common stock of American Fidelity Building & Loan Association, Inc.

The company, with offices at 36 East Lanvale St., Baltimore, Md., plans to use the net proceeds for working capital for mortgages.

J. C. Powers Opens

(Special to THE FINANCIAL CHRONICLE)

MONTEREY PARK, Calif. — James C. Powers is conducting a securities business from offices at 317 Chandler Ave.

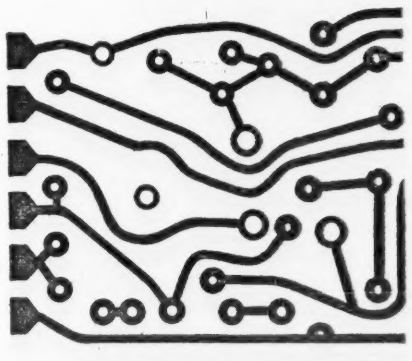
K. E. Putnam Forms Co.

BOISE, Idaho—Keith E. Putnam is engaging in a securities business from offices at 600 State St. under the firm name of Putnam & Co.

DIVIDEND NOTICE

CLEVITE
CORPORATION
CLEVELAND 10, OHIO

is paying a dividend of 30 cents a common share on March 28. This is the company's 155th consecutive quarterly dividend.



NEWS AT CLEVITE:
We are doubling our capacity to produce electrolytic copper foil, used in the printed circuits which simplify the wiring of such complex electronic devices as computers and missiles.

DIVIDEND NOTICES

CONSOLIDATED NATURAL GAS COMPANY
30 Rockefeller Plaza
New York 20, N. Y.

DIVIDEND NO. 53

THE BOARD OF DIRECTORS has this day declared a regular quarterly dividend of Fifty-Seven and One-Half Cents (57½¢) per share on the capital stock of the Company, payable May 15, 1961 to stockholders of record at the close of business April 17, 1961.

JOHN MILLER, Secretary

March 28, 1961

FEDERAL

FEDERAL PAPER BOARD CO., Inc.
Common & Preferred Dividends:

The Board of Directors of Federal Paper Board Company, Inc. has this day declared the following quarterly dividends:

50¢ per share on Common Stock.
28¾¢ per share on the 4.6% Cumulative Preferred Stock.

Common Stock dividends are payable April 15, 1961 to stockholders of record at the close of business March 31, 1961.

Dividends on the 4.6% Cumulative $25 par value Preferred Stock are payable June 15, 1961 to stockholders of record May 29, 1961.

ROBERT A. WALLACE
Vice President and Secretary

March 14, 1961
Bogota, New Jersey

OTIS ELEVATOR COMPANY

COMMON DIVIDEND NO. 218

A quarterly dividend of $.375 per share on the Common Stock has been declared, payable April 28, 1961, to stockholders of record at the close of business on April 7, 1961.

Checks will be mailed.

H. R. FARDWELL, *Treasurer*
New York, March 22, 1961.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — One of the most powerful lobbies in Washington is the National Educational Association. It has tremendous influence — because it fans out nationwide through the various state educational organizations.

The NEA is a busy "trade" association these days. Education is big business and getting bigger all the time.

Because education is big business, the Federal aid to education issue threatens to be the hottest or one of the liveliest issues to come up before Congress this year.

Both the House and Senate Education and Labor Committees have been conducting hearings on the measures. The bill of the Kennedy Administration would provide $2.3 billion in grants to the states, to be used for school construtcion and teachers' salaries. The teachers, naturally, would like to have an increase in their salaries, and builders and suppliers of materials like cement, lumber and bricks, would like to have some more business.

The aid proposal is bogged down in controversies over whether or not the United States Government should grant aid and loans or both to private schools. The whole scheme is paraded in the name of something fine and good for the country.

Opposed for the Wrong Reason

After the Federal aid bill was unfolded the National Catholic Welfare Conference with some 200 Cardinals, Archbishops and Bishops, announced publicly that when Uncle Sam started pouring out the millions, the 12,000 Catholic schools in this country were expecting their share.

At the same time Protestant and Jewish groups came out in opposition to using any of the public moneys to support Catholic schools or any other private schools.

What they should have done, or should do soon, is to come out against the whole scheme which is just another way of taking money away from the taxpayers, bringing it to Washington for a "cut" and then sending it back from whence it was collected.

It is another scheme of Federal bureaucrats. Many would like nothing better than to control the schools of our country. Federal money from Washington —millions upon millions of dollars. It sounds good to a lot of people, no doubt. But it would mean that in just a few years there would be a gigantic federalized education in this country. The little schools back in the hinterlands would become pawns in the hands of an all-powerful United States Department of Education.

The Desegregation Aspect

Meanwhile, the NEA campaign continues in high gear. It would make no difference which party controlled the executive branch of government or the legislative branch. Had Richard M. Nixon been elected President, and had Congress been controlled by Republicans instead of by the Democrats, the lobby would be underway just the same.

President Kennedy unquestionably is correct when he said that under the United States constitution public funds for religious schools was unconstitutional. Yet, Federal funds are already being used in numerous ways for religious education. For instance, public money is being used for the school lunch program in church schools.

Perhaps from the standpoint of school segregation, which is a burning issue in numerous Southern staes, the Federal aid to education scheme possibly could pave the way for some states to abolish the public school system, and let the children attend church schools.

All the border states have desegregated in the Sotuh, but to varying degrees. In North Carolina, where there are hundreds of thousands of Negro children, the state has "integrated" its school system. But there are less than 100 Negro children attending previously all-white schools. Virginia is in somewhat similar position.

In the Deep Sotuh, Florida and Louisiana have biracial schools in one district by order of the Federal courts. Alabama, Georgia, Mississippi and South Carolina retain completely segregated schools.

In most border states, desegregation is still a token proposition. Ten Southern states have passed laws providing for the closing of public schools in the face of Federal court orders to desegregate. There is nothing in the constitution to require a community or states to operate a public school.

But back to the Federal aid to education proposal: it is going to be a lively issue for sometime. Apparently the proposed aid is a foot-in-the-door plan of the bureaucrats. The amount of funds would grow and grow once the plan is started.

Threat to Free Education

Then it would be a matter of time until Washington would be telling the various schools the type and kind of textbooks they should adopt. Probably a Federal Textbook Commission would be set up so that uniform type of books could be adopted in all states.

Unfortunately, there are many people, including teachers, who apparently do not believe these things can happen. Many members of the House and Senate probably came to Washington sharing similar views, but after spending a while in the lovely capital of the nation, a good many of them, no doubt, have changed their minds. They know how many people sit behind mahogany desks in Washington and eventually get their schemes across.

"With Federal bureaucrats now opposing the use of our money to run our own schools," said one member of the House recently, "surely they will not condone the use of Washington dollars free of Federal control."

There seems to be no question about it—Federal subsidies are bound to mean Federal decisions about running the schools. There is no overall need for it. There are a few sections in all parts of the country that could use more funds, but it has been that way ever since our country was founded.

What "Acute" Need?

A survey not too long ago showed there is no acute need for classrooms. In the past 10 years the number of public school pupils increased 48%, but the number of classrooms increased 60%, and the number of teachers, 51%. While this was taking place, teachers' salaries increased more than most people's incomes. Their salaries jumped to 72% to an average of $5,389 a year, and they do not have to work 12 months a year, although many of them attend school part of the time in the summer months.

What is going to happen to the school bill? There is going to be a lot of pro and con debate. With the advent of the church school question now raised, enthusiasm for the program in various parts of the country appears likely to subside some. Meantime, Congressmen are getting a lot of mail for and against the issue. This leaves them squirming on what should they do if they have to face a showdown vote.

Meanwhile there is a strong possibility the Federal aid to education bill may eventually wind up in a pigeonhole as far as the 87th Congress is concerned.

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

Form Sponsor Securities

NEWARK, N. J. — Sponsor Securities Corporation has been formed with offices at 11 Commerce Street to engage in a securities business. Officers are Allan A. Segal, President and Treasurer; S. B. Segal, Secretary; and Guy Ben Avram Segal, Vice-President.

Hart Named Chairman of Bank Of London

G. Arnold Hart, President of the Bank of Montreal, has been appointed Chairman of the Bank of London and Montreal for a two-year term, it has been announced. Mr. Hart succeeds Sir George Bolton, Chairman of the Bank of London and South America, who becomes Deputy Chairman on completion of his term as Chairman. The BOLAM Board also appointed A. S. R. Williamson, Senior Vice-President of Balfour, Guthrie & Co., Ltd., New York, as a Director, succeeding V. W. P. O'Neill, also of New York.

G. Arnold Hart

Form Sam Wick Assoc.

Sam Wick Associates, Inc. is engaging in a securities business from offices at 10 East 44th St., New York City. Officers are Joel J. Bloch, President and Secretary; Hans J. Christian, Executive Vice-President; M. I. Wick, Vice-President.

In Securities Business

PHOENIX, Ariz.—June Wood is engaging in a securities business from offices at 2222 North 16th Street.

COMING EVENTS

IN INVESTMENT FIELD

March 26-31, 1961 (Philadelphia)
Institute of Investment Banking, Wharton School of Finance & Commerce.

April 7, 1961 (New York City)
New York Security Dealers Association annual dinner at the Hotel Commodore.

April 12-14, 1961 (Houston, Tex.)
Texas Group Investment Bankers Association of America 26th annual convention at Shamrock Hilton Hotel.

April 21, 1961 (New York, N. Y.)
Security Traders Association of New York annual dinner at the Grand Ballroom of the Waldorf Astoria.

April 29-May 3, 1961 (Richmond, Va.)
National Federation of Financial Analysts Societies 14th annual convention at the John Marshall Hotel.

May 1-3, 1961 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 41st annual conference at the Penn-Sheraton Hotel.

May 8-9, 1961 (St. Louis, Mo.)
Association of Stock Exchange Firms — Spring meeting of the Board of Governors.

June 15, 1961 (New York City)
Investment Association of New York annual outing at Sleepy Hollow Country Club.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Oct. 9-10, 1961 (Denver, Colo.)
Association of Stock Exchange Firms, Fall meeting of Board of Governors at the Brown Palace Hotel.

Oct. 15-18, 1961 (San Francisco, Calif.)
American Bankers Association annual convention.

Oct. 16-20, 1961 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

Nov. 26-Dec. 1, 1961 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel and the Diplomat Hotel.

Dec. 4-5, 1961 (New York City)
National Association of Mutual Savings Banks 15th annual midyear meeting.

May 6-9, 1962 (Seattle, Wash.)
National Association of Mutual Savings Banks 42nd annual conference at the Olympic Hotel.

Sept. 23-26, 1962 (Atlantic City, N. J.)
American Bankers Association annual convention.